

THE STATE OF DEMOCRACY IN LATIN AMERICA

HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED NINTH CONGRESS

FIRST SESSION

MARCH 9, 2005

Serial No. 109-59

Printed for the use of the Committee on International Relations



Available via the World Wide Web: http://www.house.gov/international_relations

U.S. GOVERNMENT PRINTING OFFICE

99-822PDF

WASHINGTON : 2005

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON INTERNATIONAL RELATIONS

HENRY J. HYDE, Illinois, *Chairman*

JAMES A. LEACH, Iowa	TOM LANTOS, California
CHRISTOPHER H. SMITH, New Jersey, <i>Vice Chairman</i>	HOWARD L. BERMAN, California
DAN BURTON, Indiana	GARY L. ACKERMAN, New York
ELTON GALLEGLY, California	ENI F.H. FALEOMAVAEGA, American Samoa
ILEANA ROS-LEHTINEN, Florida	DONALD M. PAYNE, New Jersey
DANA ROHRABACHER, California	ROBERT MENENDEZ, New Jersey
EDWARD R. ROYCE, California	SHERROD BROWN, Ohio
PETER T. KING, New York	BRAD SHERMAN, California
STEVE CHABOT, Ohio	ROBERT WEXLER, Florida
THOMAS G. TANCREDI, Colorado	ELIOT L. ENGEL, New York
RON PAUL, Texas	WILLIAM D. DELAHUNT, Massachusetts
DARRELL ISSA, California	GREGORY W. MEEKS, New York
JEFF FLAKE, Arizona	BARBARA LEE, California
JO ANN DAVIS, Virginia	JOSEPH CROWLEY, New York
MARK GREEN, Wisconsin	EARL BLUMENAUER, Oregon
JERRY WELLER, Illinois	SHELLEY BERKLEY, Nevada
MIKE PENCE, Indiana	GRACE F. NAPOLITANO, California
THADDEUS G. McCOTTER, Michigan	ADAM B. SCHIFF, California
KATHERINE HARRIS, Florida	DIANE E. WATSON, California
JOE WILSON, South Carolina	ADAM SMITH, Washington
JOHN BOOZMAN, Arkansas	BETTY MCCOLLUM, Minnesota
J. GRESHAM BARRETT, South Carolina	BEN CHANDLER, Kentucky
CONNIE MACK, Florida	DENNIS A. CARDOZA, California
JEFF FORTENBERRY, Nebraska	
MICHAEL MCCAUL, Texas	
TED POE, Texas	

THOMAS E. MOONEY, SR., *Staff Director/General Counsel*

ROBERT R. KING, *Democratic Staff Director*

SUBCOMMITTEE ON THE WESTERN HEMISPHERE

DAN BURTON, Indiana, *Chairman*

RON PAUL, Texas	ROBERT MENENDEZ, New Jersey
JERRY WELLER, Illinois, <i>Vice Chairman</i>	GRACE NAPOLITANO, California
KATHERINE HARRIS, Florida	GREGORY W. MEEKS, New York
JAMES A. LEACH, Iowa	ENI F.H. FALEOMAVAEGA, American Samoa
CHRISTOPHER H. SMITH, New Jersey	DONALD M. PAYNE, New Jersey
ILEANA ROS-LEHTINEN, Florida	WILLIAM D. DELAHUNT, Massachusetts
CONNIE MACK, Florida	BARBARA LEE, California
MICHAEL MCCAUL, Texas	

MARK WALKER, *Subcommittee Staff Director*

JESSICA LEWIS, *Democratic Professional Staff Member*

TED BRENNAN, *Professional Staff Member*

DAN S. GETZ, *Professional Staff Member*

BRIAN WANKO, *Staff Associate*

CONTENTS

	Page
WITNESSES	
The Honorable Roger F. Noriega, Assistant Secretary of State, Bureau of Western Hemisphere Affairs, U.S. Department of State	15
The Honorable Adolfo A. Franco, Assistant Administrator, Bureau for Latin America and the Caribbean, United States Agency for International Development	21
The Honorable Lorne W. Craner, President, International Republican Institute	51
Mr. Kenneth Wollack, President, National Democratic Institute	55
Mr. Stephen C. Johnson, Senior Policy Analyst for Latin America, The Kathryn and Shelby Cullom Davis Institute for International Studies, The Heritage Foundation	64
Arturo A. Valenzuela, Ph.D., Director of the Center for Latin American Studies, Georgetown University	74
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable Dan Burton, a Representative in Congress from the State of Indiana, and Chairman, Subcommittee on the Western Hemisphere: Prepared statement	4
The Honorable Roger F. Noriega: Prepared statement	17
The Honorable Adolfo A. Franco: Prepared statement	24
The Honorable Lorne W. Craner: Prepared statement	52
Mr. Kenneth Wollack: Prepared statement	57
Mr. Stephen C. Johnson: Prepared statement	66
Arturo A. Valenzuela, Ph.D.: Prepared statement	76

THE STATE OF DEMOCRACY IN LATIN AMERICA

WEDNESDAY, MARCH 9, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 1:42 p.m. in room 2255, Rayburn House Office Building, Hon. Dan Burton (Chairman of the Subcommittee) presiding.

Mr. BURTON. The Western Hemisphere Subcommittee of International Relations will come to order. A quorum being present, the Subcommittee is now in session.

I ask unanimous consent that all Members' and witness' written and opening statements be included in the record and without objection, so ordered.

I apologize for the crowded quarters. We wanted to get in the main Committee room so everybody would have a little more space, and I apologize for the cramped quarters, but they had another Committee hearing already scheduled.

Next time I will knock heads so we get a bigger room, especially when we have Mr. Noriega here, our very important Assistant Secretary of State.

I ask unanimous consent that all articles, exhibits and extraneous or tabular material referred to by Members or witnesses be included in the record and without objection, so ordered.

I ask unanimous consent that any Member who may attend today's hearing be considered as a Member of the Subcommittee, for the purposes of receiving testimony and questioning witnesses and without objection so ordered.

As many of you know, I served as Chairman of this Subcommittee on the Western Hemisphere over 10 years ago and I am glad to be back. I know I look a lot younger than that. That is supposed to be funny. We don't want any comments from the peanut section there.

My colleague from Massachusetts is a good buddy of mine, but he gives me a hard time.

When I chaired this Subcommittee from 1995 to 1997, much of Latin America and the Caribbean region were just starting to embrace the concepts of individual freedom and democracy that we, in many ways, take for granted as citizens of the United States. Over the years, Latin America and the Caribbean, with the notable exception of Cuba, have made remarkable progress toward democracy.

I believe much of the credit for this progress is due to the courageous leadership of many democracy-minded people in the region who grew weary of the brutal dictatorships and the advances of Soviet and later Cuban Communists. But these brave patriots could not have succeeded without the dedication of people like former President Ronald Reagan and others in the U.S. and elsewhere who invested in the future of these countries by helping to plant the seeds of democracy and nurturing them over the years.

As I reacquaint myself with the issues of this hemisphere, I am pleased to see that the investment of so many is paying off, but I am under no illusions that the work is complete.

There is still danger to the new democracies in the region. Several of our neighbor nations now face considerable challenges to their maturing democracies.

Persistent poverty—and I met with a number of the Ambassadors just the other night at the Peruvian Ambassador's residence and they told me that persistent poverty, violent guerilla conflicts, non-democratic leaders, drug trafficking, corruption, terrorist infiltration and increasing crime are making it difficult for many of the countries in the region in order to see the value of democracy.

One of the more important issues that they raised with me was the poverty issue and that is why we think that trade is becoming more and more important so we can create flourishing economies that will create new jobs for the people of the region.

As we all know, Colombia is valiantly fighting a 40-year-old civil war and although the Government of President Uribe is seeing some success, the violence of the FARC and the ELN and the AUC, all listed by the State Department as foreign terrorist groups and fueled by profits from drugs and arms trafficking, could still bring down the oldest democracy in South America.

President Uribe and his daring Plan Patriota is engaging these rebels with vigor, but these groups possess the capabilities and the will to carry out the struggle indefinitely. And without our consistent support and constant vigilance, the gains made in Colombia could and may be lost.

Bolivia, Ecuador and Peru do not have to deal with widespread military insurgencies, but all had faced varying levels of political instability in the last 2 years.

Weak leadership, corruption, violent internal political movements and drug trafficking have led to the political isolation or destruction of sitting Presidents.

For example, ongoing political upheaval, caused by persistent protests over natural gas reserves and coca production, has now forced President Mesa of Bolivia to tender his resignation. President Mesa took over for former President Gonzalo Sanchez de Lozada when violent protests forced him to flee Bolivia less than 2 years ago.

President Chavez of Venezuela, although democratically elected, is seemingly and deliberately moving away from the democratic principles he once claimed to espouse, especially since his August, 2004 victory in the recall referendum.

Since that time, Chavez has made bold movements toward carrying out his Bolivarian Revolution. Although the Bolivarian Revolution is supposed to espouse the rights of the poor and other social

interests, President Chavez appears to be using it to justify a series of actions, which are less and less democratic.

Recently, President Chavez increased the size of the Supreme Court so that he could appoint more pro-Chavez jurists to the bench. A few months ago, he signed a bill restricting the freedom of the press so as to squelch the voices of opposition to his rule.

Just a week or so ago, President Chavez even went so far as to publicly and vocally embrace socialism as his ideology of choice. As history has shown us, socialism and democratic ideals rarely coexist in the same state.

President Chavez' critics claim, as do many here in the United States, that he is also trying to increase his influence in neighboring countries as well as elsewhere in the world. Evidence continues to accumulate that President Chavez is actively supporting leftist movements in Colombia and Bolivia. In addition, his close friends and ties to Cuba's dictator Fidel Castro—another avowed socialist with a penchant for trying to export violent revolution—are well known.

In Uruguay, a former leftist guerilla, Tabare Vazquez, has just been sworn in as President. While this in and of itself is not a threat to democracy in Uruguay, it does warrant a closer look and I plan to visit these gentlemen, Mr. Chavez and the new President of Uruguay, along with my colleagues, to try to get to know them better, create a dialogue that hopefully will create a better understanding and better relations between us and their countries and hopefully increase the prospects for long-term democratic institutions.

After 20 years of bloody conflict, the Central American countries of El Salvador, Honduras and Nicaragua are developing stronger democratic institutions. However, political corruption and a growing outbreak of violent crimes, especially by gangs, have posed serious challenges to these young democracies.

While Guatemala has made significant progress in its peace process, greater effort needs to be made toward improving the government's human rights policies, including vigorously investigating and bringing to justice illegal and heavily-armed groups and clandestine security organizations.

Corruption is a cancer that is eating away at many of the democracies of Central America. Costa Rica, Guatemala, Nicaragua and Panama have bravely taken action to fight it and all have resolved to investigate and prosecute anyone involved with corruption, including former leaders.

Pledging to fight corruption is easy, though actually fighting it is hard. The President of Nicaragua, Enrique Bolanos, has stepped up to the challenge and attacked corruption head on by prosecuting former President Aleman for reportedly embezzling more than \$100 million in his country's limited assets. Aleman is now in prison and, again, pledging to fight corruption is easy. To actually fight and win it, takes a lot more effort and efforts like these are desperately needed.

Finally, last but not least, Haiti, the hemisphere's poorest nation continues to be plagued by violence and political instability. Since President Aristide's departure in February 2004, Haiti's interim government has been propped up by a United Nation's stabilization

mission. Their efforts to ensure a secure and stable environment and to restore the rule of law in Haiti are showing signs of strain, and I fear that Haiti continues to be a powder keg waiting to explode.

I believe there can be little doubt that democracy is under serious threat in main parts of the Western Hemisphere. Simply promoting democracy as an alternative to socialism or totalitarianism will not be enough.

As we did throughout the 1980s and early 1990s, the United States, in conjunction with other democracies throughout the world, must become more engaged in solving the persistent problems currently facing Latin America.

Efforts to reduce poverty, strengthen democratic institutions, develop independent judiciaries and provide markets for local products are just a few of the ways we can proactively confront these issues.

It is here where we must focus our resources to help protect the gains already made and to continue to push for the lasting peace, prosperity and security that only a true democracy can provide.

As Chairman of this Subcommittee, along with the support of my good friend and Ranking Minority Member, Bob Menendez, I intend to pursue an aggressive agenda of oversight and investigation with the ultimate goal of strengthening democracy in our hemisphere.

We look forward to working with our State Department and after we take trips down to—and I hope to see every single country in Central and Latin America in the next year to 18 months. And I hope all of my colleagues will see fit whenever possible to join me and my Vice Chairman, who has been very active in the region, Mr. Weller, who will be taking codels when I can't go down there, by himself and with other Members.

We intend to try to create a dialogue with every single country in this hemisphere to make sure that we do everything we can as a partner, not as a big brother telling other countries in Latin America how to run their countries, but as a partner.

We want to be helpful in creating strong and lasting democracies and helping with the poverty problems that have been very persistent in those countries.

We also intend to, after we make these trips into these countries, to come back and have a dialogue with the new Secretary of State and the State Department and the Administration so that they have firsthand knowledge from Members of Congress what is going on and what needs to be done to continue the democratic principles that we all hold so dear.

With that, I yield to my good buddy who has on a blue shirt today, Mr. Menendez, for his opening remarks.

[The prepared statement of Mr. Burton follows:]

PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

As many of you may know, I served as Chairman of the Subcommittee on the Western Hemisphere over ten years ago (1995–1997) and I am glad to be back. I am also glad to be back working with my colleague Bob Menendez, the Subcommit-

tee's Ranking Minority Member, and I want to thank him and his staff for all of their help preparing today's hearing.

When I Chaired this Committee ten years ago, much of Latin America and the Caribbean region were just starting to embrace the concepts of individual freedom and democracy that we, in many ways, take for granted as citizens of the United States. Over the years, Latin America and the Caribbean, with the notable exception of Cuba, have made remarkable progress toward democracy. I believe much of the credit for this progress is due to the courageous leadership of many democracy-minded people in the region who grew weary of the brutal dictatorships and the advances of Soviet and later Cuban communists. But, these brave patriots could not have succeeded without the dedication of people like former President Ronald Reagan and others in the U.S. and elsewhere who invested in the future of these countries by helping to plant the seeds of democracy and nurturing them over time.

As I reacquaint myself with the issues of this hemisphere, I am pleased to see that the investment of so many is paying off. But, I am under no illusions that the work is complete. The reality is that today, democratic progress in Latin America and the Caribbean is being measured by inches. And, as the committee will soon hear from our distinguished witnesses, while democracy is still holding on, it is not without its opponents, and there is a real danger that parts of the region could slide backwards into tyranny.

Several of our neighbor nations now face considerable challenges to their maturing democracies. Persistent poverty, violent guerrilla conflicts, non-democratic leaders, drug trafficking, corruption, terrorist infiltration and increasing crime are making it difficult for many in the region to see the value of democracy.

As we all know, Colombia is valiantly fighting a 40-year old civil war, and although the government of President Uribe is seeing some success, the violence of the FARC, ELN and the AUC—all listed by the State Department as Foreign Terrorist Groups—and fueled by profits from drugs and arms trafficking, could still bring down the oldest democracy in South America. President Uribe, and his daring Plan Patriota, is engaging these rebels with vigor, but these groups possess the capabilities and the will to carry on the struggle indefinitely. Without our consistent support, and constant vigilance the gains made in Colombia will be lost.

Bolivia, Ecuador, and Peru do not have to deal with wide-spread military insurgencies but all have faced varying levels of political instability in the past two years. Weak leadership, corruption, violent internal political movements and drug trafficking have led to the political isolation or destruction of sitting presidents. For example, ongoing political upheaval, caused by persistent protests over natural gas reserves and coca production, has now forced President Mesa of Bolivia to tender his resignation. President Mesa took over for former President Gonzalo Sánchez de Lozada when violent protests forced him to flee Bolivia less than two years ago.

President Chavez of Venezuela, although democratically elected, is seemingly and deliberately moving away from the democratic principles he once claimed to espouse, especially since his August 2004 victory in the recall referendum. Since that time, Chavez has made bold movements toward carrying out his "Bolivarian Revolution." Although the Bolivarian Revolution is supposed to espouse the rights of the poor and other social interests, President Chavez, appears to be using it to justify a series of actions which are less and less democratic. Recently, President Chavez increased the size of the Supreme Court, so that he could appoint more Pro-Chavez jurists to the bench. A few months ago, he signed a bill restricting the freedom of the press, so as to squelch the voices of opposition to his rule. Just a week or so ago, President Chavez even went so far as to publicly and vocally embrace socialism as his ideology of choice. As history has shown us, Socialism and Democratic ideals rarely co-exist in the same State.

President Chavez's critics claim, as do many here in the United States, that he is also trying to increase his influence in neighboring countries as well as elsewhere in the world. Evidence continues to accumulate that President Chavez is actively supporting leftist movements in Colombia and Bolivia. In addition, his close ties to Cuba's Dictator, Fidel Castro—another avowed Socialist with a penchant for trying to export violent revolution—are well known.

In Uruguay, a former leftist guerilla, Tabare Vazquez, has just been sworn in as President. While this, in and of itself, is not a threat to democracy in Uruguay, it does warrant a closer look.

After twenty years of bloody conflict, the Central American countries of El Salvador, Honduras, and Nicaragua are developing stronger democratic institutions. However, political corruption and a growing outbreak of violent crimes, especially by gangs, have posed serious challenges to these young democracies.

While Guatemala has made significant progress in its peace process, greater effort needs to be made toward improving the government's human rights policy, including

vigorously investigating and bringing to justice illegal and heavily-armed groups, and clandestine security organizations.

Corruption is a cancer that is eating away at many of the democracies of Central America. Costa Rica, Guatemala, Nicaragua, and Panama have bravely taken action to fight it, and all have resolved to investigate and prosecute anyone involved with corruption, including former leaders. Pledging to fight corruption is easy though, actually fighting it is hard. The President of Nicaragua, Enrique Bolanos, has stepped up to the challenge and attacked corruption head on, by prosecuting former President Arnoldo Aleman, for reportedly embezzling more than \$100 million in his country's limited assets. Aleman is now imprisoned. Again, pledging to fight corruption is easy. To actually fight it and win, more efforts like this are desperately needed.

And finally, last but not least, Haiti—the hemisphere's poorest nation—continues to be plagued by violence and political instability. Since President Aristide's departure in February 2004, Haiti's interim government has been propped up by a United Nations Stabilization Mission. Their efforts to ensure a secure and stable environment and to restore the rule of law in Haiti are showing signs of strain and I fear that Haiti continues to be a powder keg waiting to explode.

I believe there can be little doubt that democracy is under serious threat in main parts of the Western Hemisphere. Simply promoting democracy as an alternative to Socialism or totalitarianism will not be enough. As we did throughout the 1980s and early 90s, the United States, in conjunction with other democracies throughout the world must become more engaged in solving the persistent problems currently facing Latin America. Efforts to reduce poverty, strengthen democratic institutions, develop independent judiciaries and provide markets for local products are just a few of the ways we can proactively confront these issues. It is here where we must focus our resources to help protect the gains already made, and to continue to push for the lasting peace, prosperity and security that only a true democracy can provide.

As Chairman of this Subcommittee, with the support of my good friend the Ranking Minority Member Menendez, I intend to pursue an aggressive agenda of oversight and investigation with the ultimate goal of strengthening democracy in our hemisphere. I look forward to working with the Department of State, the elected leaders of the nations in our hemisphere and the various non-governmental organizations dedicated to freedom and democracy within our neighborhood to accomplish this objective.

Thank you.

Mr. MENENDEZ. Thank you, Mr. Chairman. It is not Puerto Rico so it doesn't mean anything in terms of color. In Puerto Rico, of course, every color has political significance to it.

Let me first start off by congratulating you on resuming the Chairmanship of the Western Hemisphere Subcommittee. I was here 10 years ago when you were the Chairman, and you look as young today as you did then.

Mr. BURTON. I love that bologna.

Mr. MENENDEZ. You haven't changed.

Mr. BURTON. Thank you.

Mr. MENENDEZ. But above all, I look forward to our work together. We have worked together in the past and I look forward to achieving many of the successes we enjoyed together now, as the Ranking Democrat, and I am sure on behalf of all of our Members, we look forward to working with you.

We are incredibly appreciative of the robust nature of what you have laid out in the context of hearings. We think it is critical at this time in the hemisphere's interest and issues and it is really great to see the Committee holding a series of robust hearings, as well as your personal engagement in the process. That will inure to the benefit of our country, as well as to those in the hemisphere.

As it relates to today's hearing, I do want to say that I think it is important and timely in the context of democracy in the hemisphere. The region has made tremendous progress and we should certainly celebrate that and not lose sight of it.

In the past quarter century, we have become a region of democracies, with, of course, the notable exception of Cuba. But the recent events in Bolivia serve as yet another wake up call that we cannot ignore the fragility of democracy and the destabilizing impact of poverty and exclusion in our own hemisphere.

This crisis was born of the multiple factors which tear at the fabric of democracy—an outraged, disenfranchised and poor population, a government with weak institutions and little capacity to govern, weak and evolving political parties, political players with radical agendas designed to destabilize the situation, and growing anti-Americanism and anti-corporate sentiment.

The people of the Americas, in my view, are frustrated and I know that there are some who will disagree, but I believe they are losing faith in what we call democracy. Democracy means little if you can't feed your family, if your children can't get an education and if you feel disenfranchised from your government.

According to last year's UNDP report and reflected in other recent polls, over 50 percent of Latin Americans interviewed say they prefer an authoritarian government to a democratic one, if it could solve their economic difficulties.

Now we may not like that reality and we may try to interpret it some other way, but if you travel the hemisphere and talk to many of its people, you will find out that that frustration is very real.

As their frustration turns to anger, some are turning against democracy and democratically-elected leaders. Now don't get me wrong. We certainly support freedom of expression, but I am concerned that what we see in our hemisphere is a different phenomenon—that the street is a substitute for the ballot box, that protests are a substitute for communication between citizens and their government.

We also see another equally disturbing authoritarian trend as leaders in multiple countries act to decimate the basic structures of democracy.

In Venezuela and Ecuador, Presidents Chavez and Gutierrez have packed their judiciary with their supporters. Chavez has also instituted a new media law to clamp down on free press.

In Nicaragua, Sandanista and former President Daniel Ortega and former President Aleman have teamed up in an odd alliance to try to eliminate the power of the executive.

In the midst of all of this, a number of governments are weak or unstable. They simply can't govern the entire country or provide basic services to their citizens.

In Haiti, people are living in desperate conditions under a government that barely exists and with diminishing hope for democratic elections this fall.

In Guatemala, President Berger is attempting to confront massive corruption and a huge narco-trafficking network, while juggling a poor and frustrated population, former military human rights abuses and their victims.

Democracy in the region, therefore, in my view, is now at a critical moment. The time has come for the United States to take a stand for democracy in the Americas, by investing in the people of the Americas.

Up to this point, the Administration's policy in Latin America has been characterized, in my view, by a myopic tendency to rush in during a crisis and ignore the region the rest of the time.

In my view, the Bush Administration has had no real policy on Latin American, outside of trade and counternarcotics programs. The President's fiscal year 2006 budget makes this clear. At a time when, as I have just described, democracy is threatened by frustration and poverty, the President has slashed development funding to the region by approximately 12 percent. This is the second year in a row that the Western Hemisphere has suffered significant cuts in the President's proposed budget.

The President, in his State of the Union address, said that the United States should take a leadership role in supporting democracy around the world. Well, Mr. President, I agree and I challenge you to fulfill that promise in our own hemisphere, with our own neighbors.

I believe the United States should take five concrete steps to refocus our hemispheric policy on democracy and development.

First, let us work to restore the funding cut from the core development accounts to at least the fiscal year 2004 enacted levels, which were lower than I thought that they needed to be but certainly we are dramatically worse off today.

Second, let us reengage in the hemisphere by appointing a new high profile special envoy to the hemisphere to assess the priorities of the other countries of the hemisphere, leading up to the Summit of the Americas.

Thirdly, let us endorse President Carter's call to give the Inter-American Democratic Charter some teeth and engage in a substantive and meaningful dialogue with other countries on this issue.

Fourthly, let us enhance the role of the National Endowment for Democracy and its core institutes in the Americas so that new funding is fairly distributed among the regions around the world and not exclusively focused on the Middle East.

Fifth, let us support the Social Investment and Economic Development bill, a fund for social investment and economic development, a bipartisan bill which former Chairman Ballenger co-sponsored. I am very honored that Chairman Burton co-sponsored, as did many other Members of this Subcommittee.

I believe our Latin America policy must be more than just free trade and more than counternarcotics. The time has come for the United States to reengage with our neighbors and to invest in social and economic development and democracy.

I say so not just simply as a good neighbor, Mr. Chairman. As I am sure some of the travels that you intend to take will show you, this is in our own national interest. This is in our own national security.

Every time I think about these issues, I think about what are some of the pressing issues here at home that people care about?

If we want to stem the tide of undocumented immigrants coming into this country, then in part the reason they leave their countries is because of political unrest and economic necessity.

If we change those dynamics, we change the fundamental underpinnings as to why people come in an undocumented fashion in this country.

Disease has no bearing and no border and in that context, our hemispheric interest in health care is crucial, and yet we cut some of the very essential programs that deal with that issue.

The question of creating stronger economies in this region, in the interests of the United States, is: Where are Latin Americans most likely to buy? They are most likely to buy from the United States, yet we see a tremendous challenge from China, which I know is one of the subjects of your future hearings, in the context of the hemisphere. They get it. They understand it and they are making investments in the hemisphere and leaving us behind. That is a real challenge to us.

When we create markets in Latin America, they are more likely to buy from Americans and that means American jobs and products being sold from the United States.

I could go on through so many different dimensions as to how this impacts our own national interests and national security. If we want to ensure that terrorism does not take root in the Western Hemisphere, well then let us ensure that chaos and political unrest, fueled by economic instability, is not a reality, because it is under the cover of chaos that terrorists will have the opportunity to use the countries in which that chaotic situation exists to seek to attack the United States.

So we are not just about being a good neighbor. This is about the national interests and national security of the United States. It is a time for a more robust engagement in the hemisphere.

Mr. Chairman, I am looking forward, because of your interests, because of your commitment, because of the schedule that we have talked about, the issues that we will be pursuing, the travel that will be going on, that you can open the door to that more robust engagement.

Mr. BURTON. Bob, thank you very much and I look forward to working with you and knowing how you worked with me and I worked with you in the past, I am sure we are going to be able to get some things done and I look forward to that.

Would everybody take out their cell phones and turn them to vibrate, please? I am going to do that right now so that we don't have a bunch of phones going off here right in the middle of the hearing, because I may want to throw something at Delahunt and I want everybody to see that. I don't want anybody to miss that.

Mr. DELAHUNT. I guarantee that.

Mr. BURTON. Vice Chairman, Mr. Weller.

Mr. WELLER. Thank you, Mr. Chairman. Let me first begin by commending you and Mr. Menendez for your enthusiasm and commitment as we move forward over the next 2 years and what is certainly an aggressive and ambitious agenda.

I look forward to working with you and I also want to commend you for beginning this process by focusing on what is the most important issues in our hemisphere and that is the strength of democracy in Latin America.

I want to thank Assistant Secretary Noriega and Assistant Administrator Franco for joining us today. It is good to see you and it is a pleasure to work with you.

It is easy to forget that less than two decades ago democracies were not very common in all of Latin America. Our hemisphere has come far and today only Cuba stands alone, as the last holdout of non-democratic totalitarian government.

Mr. Chairman, I am concerned, however, about some of the trends that democracy has taken in the region. Corruption, narco-trafficking, violent crime and poverty are all factors that can weaken and can destabilize democracy.

While democracy with free and fair elections is now becoming the norm in Latin America, there is still significant problems in many countries with transparency, lack of political opposition and declining civic interest and participation.

Let me highlight two examples of particular concern to me. In Nicaragua, President Enrique Bolanos is working to maintain Nicaragua's democracy, but is facing the struggle with supporters of former President Aleman and former President Ortega, who we both recognize are corrupt political leaders, as well as former Presidents, who stand waiting in the wings should democracy fail.

The threat to democracy here is real. The weakening of the democratic institutions in Nicaragua and a persistent threat by a corrupt few.

In Venezuela, while President Chavez won his referendum and I would note I personally observed this referenda last August and was in Caracas, there are concerns that he is heading toward the authoritarian rule and that judicial independence and freedom of press are weakening.

His rhetoric aligning himself with Cuban dictator Fidel Castro, his insertion of tens of thousands of Cubans into Venezuela, and the often belligerent tone he has taken in the region, are causes for concern about the future of Venezuela's democracy.

As I am sure will be detailed in the testimony today, there are many other countries in Latin America where the state of democracy is weak and vulnerable.

The United States must continue as a partner with the region, not only in strengthening democracy and the rule of law, but also the economies of Latin America, giving the people a reason to support democracy and democratic institutions. President Bush made a bold step with the Millennium Challenge Account toward that goal and we must continue to actively support the MCA and work for its success.

We also have a vibrant trade agenda in the Americas and I am hopeful we will soon be able to move forward on the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA), a good agreement with six vitally important friends and allies in our own hemisphere that will help us compete in today's global economy, particularly with Asia and China.

Trade agreements alone do not solve the weaknesses in democracy we are seeing, but the DR-CAFTA agreement can be and will be a significant boost to democratic institutions and the rule of law. DR-CAFTA will also help to grow the economies of some of our

closest neighbors, which are in competition, as I mentioned earlier, with Asia for jobs.

Also, I look forward to the second panel. I want to commend the work the International Republican Institute and National Democratic Institute do for democracy-building in our hemisphere.

Mr. Chairman and Mr. Menendez, as well as all my colleagues in the Subcommittee, I am looking forward to working with you to strengthen democracy in our own neighborhood, in our own hemisphere.

Thank you, Mr. Chairman.

Mr. BURTON. We are looking forward to working with you. You are going to be probably one of the most active people, Vice Chairman of the Subcommittee, and I know you have already been very active. We will look forward to working with you.

Before we go to Mr. Faleomavaega, we have the Attorney General for Colombia, Mr. Camilo Osorio. We would like to say hello to you and thank you for being here, Mr. Attorney General. Thank you very much and we are looking forward to visiting with you when we come down to Bogota. Thank you for being here with us today.

Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I have served as a Member of the International Relations Committee now for 17 years. First I would like to offer my personal compliments and welcome to my good friend, Secretary Noriega, for being here this afternoon and I certainly look forward to working with him.

Mr. Chairman and Senior Ranking Member, I feel very encouraged. In fact, I could not think of a better leader as Chairman of this Subcommittee than you, Mr. Chairman, and I don't mean to do this to pat you on the back, because you are such a strong advocate of just about any issue that you take up and it is about time that Western Hemisphere has that kind of tenacity and real moxie, if you will. If you want to make an issue, you definitely will do it and I think this is going to be really good for the hemisphere.

The reason for my—

Mr. MENENDEZ. Will the gentleman yield for one moment?

Mr. FALEOMAVAEGA. Absolutely.

Mr. MENENDEZ. You mean you couldn't think of any better Republican leader.

Mr. FALEOMAVAEGA. I stand corrected, Mr. Chairman. I appreciate Bob's comment, but what I wanted to say, Mr. Chairman is 17 years ago when I first came on this Committee, Africa, Western Hemisphere and Asia-Pacific were not even on the map.

The whole mentality here in Washington was on the Middle East and Europe. Nobody wanted to talk about Western Hemisphere issues. It was always a half-hearted, part-time issue to say, "Well I guess we have got to discuss it." I mean that was the attitude and I say this because I have been a Member of this Subcommittee and not denigrating any of our former Chairmans of this Subcommittee, but just simply saying that this is just how the whole system has been going on for all these years.

I cannot say enough to thank the President's recent statements about democracy and freedom. In the years that I have served as a Member, this is the first President that I have ever heard who

is very serious about his proclamations, about democracy, about abuses, about human rights, about the need for the world, not just certain regions and certain countries, but really seeing the world in a sense that we need to live as a free people, no matter where you come from.

I note with interest my personal tremendous interest that I have taken in being a Member of this Subcommittee, Mr. Chairman.

Our relationship with Mexico, in my humble opinion, has got to be on top of the list, if we are ever going to do something that I think will take place or fall in proper perspective, when dealing with the rest of Latin America.

Is it any wonder that China now is going to proceed with conducting a multi-billion dollar contract in oil and energy? The Western Hemisphere has these resources. We are constantly depending on the Middle East for oil and other energy resources, not realizing that Latin America has just as many resources, if we worked it properly with these countries.

The situation that we now have also, Mr. Chairman, the plight of the indigenous Indians and the inhabitants throughout Latin America, I am very, very serious about the concerns of the needs of the indigenous inhabitants of these countries. We have these indigenous Indians living there and I think it goes without saying that there is very serious economic, social and political problems affecting the needs of some 90 million of these indigenous people that live in Latin America. We need to proceed to look into that very closely.

All of that said, Mr. Chairman, again I welcome our witnesses and look forward to hearing from them and I look forward to working with you and our Ranking Member in the coming months and in the next 2 years of this Congress. Thank you.

Mr. BURTON. Thank you Mr. Faleomavaega. I just want to tell you that we are still concerned about the dialysis machines that we have to get for the South Pacific and we are going to continue to fight that fight.

Mr. FALEOMAVAEGA. Thank you.

Mr. BURTON. Mr. McCaul, do you have any comments?

Mr. MCCAUL. No comments.

Mr. BURTON. Welcome. We look forward to working with you. I know you are one of our new Members. We are looking forward to getting to know you and maybe you can go with us on some of our codels.

Mr. MCCAUL. Thank you, Chairman.

Mr. BURTON. My good buddy, Mr. Delahunt.

Mr. DELAHUNT. Thank you, Mr. Chairman and let me welcome you back to the Subcommittee. You will bring a strong voice and a clear voice. Welcome back.

Just some observations. I don't think we should delude ourselves into believing that democracy is not at risk in the hemisphere.

There is rising inequality. Because of the past 15 years, that gap has been constantly increasing. There is rampant corruption in just about every nation in Latin America. Some obviously are in much better shape than others.

I think it was the Ranking Member who indicated that a recent poll by the United Nations Development Program indicated that

more than half of Latin America would exchange democracy for an improved economy.

Mr. Chairman, I think that your predecessor and Members of this Committee have been a significant voice in advocating the need to do something more, but it appears to me that very little has happened.

We hear about the Millennium Challenge Account. I think there are three countries that qualify in Latin America for access to the Millennium Account. I believe, and I can stand corrected, Honduras, Nicaragua and a third country who escapes me right now. Bolivia.

There are many more countries in Latin America that are on the cusp. One only has to review the countries, particularly in the Andean region, but let us not forget what happened in Argentina around 2 years ago, 3 years ago, when the middle class disappeared.

It is absolutely essential that we increase and enhance, as best we can from this particular podium, from this venue, the need to address Latin America in a way that has never been addressed before.

I applaud my Ranking Member, Mr. Menendez. He secured passage through the Committee last year for the social and economic development fund. We have to start to think large and his concept and his legislation is a step in that direction.

I also appreciated, Mr. Chairman, your observation that we will travel and we will go there seeking to be a partner, not a big brother.

I believe that has not been the case. I would hope in the future that despite what our preferences are, in terms of elections, as far as particular candidates are concerned, that we will exercise restraint.

That would be a new chapter in our relationships with Latin America. That has not been the case and I think it has been a mistake and I think it has eroded the image of the United States in Latin America.

I think that is a good beginning and I ask you, Mr. Chairman, to keep an open mind. Much of what I have heard today about Venezuela I would suggest to you is not the full story and I look forward to traveling with you, with my friend, Mr. Meeks, and others that may come to that meeting in Venezuela.

I think what we have seen is a deterioration in the relationship that if it continues for both countries will be bad and I think it is something that we should make a concerted effort in an attempt to redress and just maybe we can do it here in this Congress and with that, I yield back.

Mr. BURTON. Let me just say that I will look forward to going to Venezuela with you and we will meet with Mr. Chavez and his leaders in his government, and we will see if we can't figure out some way to work with them.

Mr. Payne?

Mr. PAYNE. Thank you very much, Mr. Chairman. Thank you for calling this very important hearing and I commend my fellow New Jersey Congressman, Mr. Menendez, for the diligence that he has had as it relates to Latin America in general over the years and

look forward to continuing working with him and you. And I would also urge, as it has been indicated, that you do travel and if you do intend to, please let all of us know and those of us who can work it in, I am sure we may not be able to do it all the time, but we would certainly have some interest in traveling with you, to see firsthand.

I will be very brief. I think that we don't have a bad policy in Latin America. I don't think we have a policy and it is so important that we have a continent in our hemisphere so important to us, so much energy put in during the 1980s, even in the 1960s, Alliance for Progress, I mean you can go through these things.

But today it seems like it is not a very strong program driven with overall goals. So I am hoping that perhaps in this session of Congress we could assist in recommending to the State Department how we could shape a policy toward Latin America.

We certainly have not made funds available near adequate. We think the whole foreign affairs budget still is very paltry. I think we have gotten up to maybe over \$20 billion and that is an all time high. Can't even get a percentage point of what our foreign assistance would be.

I am not talking about military. I mean that has no limits. I am talking about foreign development assistance, health, education, literacy. Very, very low compared to our GDP. So I would hope that we could hear all sides.

We have to have a more affirmative policy, if we are going to keep democracy flourishing in Latin America and I kind of agree that we need to try to work with Venezuela. It is an important country.

New leadership has started. Universal literacy and education, which has never happened in Venezuela before and also have several thousand physicians that have come there from Cuba, I suppose, to start having primary health care.

So there are a lot of bad things happening, from what I hear. However, evidently there are some things that are going on that is going to help the quality of life for the poorest people who are those that are forgotten in the barrios and flavaras over in Latin American in general.

Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. BURTON. We look forward to working with you as well, Mr. Payne. We have two votes on the Floor right now. We have about 8 minutes left in the first vote.

If you would like to make opening statements now or if you would rather wait until we come back, I will leave that up to you, but if you are going to make opening statements, we have to swear you in. Would you rather wait, Mr. Noriega?

Mr. NORIEGA. I think we would rather wait.

Mr. BURTON. Rather wait? We will swear you in as soon as we get back. We will stand at the fall of the gavel. We will be back in about probably 15, 20 minutes.

[Whereupon, at 2:20 p.m., the Subcommittee meeting was recessed.]

Mr. BURTON. We would like to reconvene the meeting and would the gentlemen who are going to be testifying, please rise and raise your right hand.

[Witnesses sworn.]

Mr. BURTON. Secretary Noriega, we will start with you, sir.

TESTIMONY OF THE HONORABLE ROGER F. NORIEGA, ASSISTANT SECRETARY OF STATE, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. NORIEGA. Thank you very much, Mr. Chairman. I appreciate the opportunity to get together and exchange views on the important challenges to democracy in the hemisphere. It is a very important, timely subject.

President Bush has made it clear that he regards security and prosperity of this hemisphere of great importance to the United States. This hemisphere, of course, is our natural market. It represents \$14 trillion in GDP, 800 million market-savvy, market-friendly consumers.

Our first and second top trading partners are in this hemisphere. Three of our top four foreign energy suppliers are in this hemisphere as well.

More importantly, over the next decade, United States trade and investment in the region, not including with Canada, are projected to exceed that with either Europe or Japan.

Given the threats to our national security and well being posed by economic instability, terrorism and organized crime, it is imperative that we work with our neighbors to defend our mutual interests, to protect our common borders and advance our shared values, not only here but around the world.

Simply put, we must be able to count on one another in very important ways.

Mr. Chairman, some recent polls have suggested that the people of the Western Hemisphere have lost faith in democracy as an ideal. I believe that while these concerns are real, they need to be tempered by some historical context.

We need to recognize, for example, that today the vast majority of Latin Americans and their Caribbean neighbors live under leaders of their own choosing. Free elections and peaceful transfers of power are the norm.

Of course Fidel Castro continues to hold Cuba back, but the Cuban people are preparing to awaken from that 46-year nightmare. We want to be prepared to help them.

Many of the old economic demons are gone. Inflation is largely tamed in most countries. Countries are increasingly open to foreign trade and investment. Economic setbacks still occur, but no longer do they inevitably lead to dramatic crises that affect the entire region. Most of the region's leaders recognize that democracy and the free market must be a part of any sustainable plan for development.

Mr. Chairman, democracy in Latin America is a work in progress. To advance this work, this coming June a key multilateral event will take place in Fort Lauderdale, Florida, when the United States will host the OAS General Assembly for the first time in 30 years.

That gathering will advance our agenda of delivering the benefits of democracy to ordinary citizens by making governments more effective, more transparent and more accountable to their people.

There is little doubt that many individuals in this hemisphere are frustrated by the perceived inability of democracy to deliver benefits to all citizens in equal measure.

The good news is that people today in the Western Hemisphere do not have to choose between democracy and prosperity. As a matter of fact, it is increasingly clear that democracy and prosperity go hand-in-hand and you can't have one without the other. That is to say you can't have prosperity without democracy.

What the polls show is that Latin Americans don't trust their governments and their institutions. That is because many of their formal democratic institutions are weak or overly politicized. Many political parties in the region are not doing their job very well. They are often bereft of new ideas, too often focused on patronage and too reliant on the skills of a single charismatic leader. Poverty and the inequality of income and wealth that characterize much of the region make it difficult for democracy to sink its roots.

These challenges to democracy are daunting, but I am convinced that they will be overcome by strong, coherent and principled leadership, a willingness to make tough decisions in their countries, the forging of a national consensus and the urgent implementation of a reform agenda that is very important to open up their economies and to extend political power, as well as economic opportunity for people from all walks of life.

The hemisphere's democratic agenda cannot be advanced solely by high soaring rhetoric. It must be advanced by the hard work of government.

The hemisphere's most democratic leaders understand that and what is needed to make democracy work. They reach out to the opposition, civil society and marginalized groups. They are closing the gap between politicians and voters, by decentralizing power and revenue collection.

Responsible leaders are spearheading legal and constitutional reforms that foster apolitical and effective judiciaries. They also understand the path to prosperity is built upon affording individuals a chance to pull their own weight, create personal wealth and to contribute to the greater good.

Our assistance programs are also lending a hand in a critical way, but our assistance in and of itself cannot guarantee the deepening of the hemisphere's democratic roots, if these leaders do not do their part.

There is simply no substitute for strong local leadership willing to make tough decisions and to embrace all elements of civil society, to forge a consensus for governing through stronger institutions, with the conscious aim of extending political power and sharing economic opportunity. It cannot be an afterthought.

Democracy faces challenges today, but we continue to work with leaders from across the political spectrum, in a respectful and mutually beneficial way, to strengthen their democratic institutions, build stronger economies and promote more equitable and just societies.

Our neighbors know us to be very good partners. We do more than respect each other's sovereignty. We work together to defend it by promoting democratic ideals and by fighting terrorism, drugs and corruption.

Mr. Chairman, I want to address one other point that has become somewhat part of the conventional wisdom that the United States is somehow ignoring the Western Hemisphere.

Indeed, in the not too distant past, our active engagement was denounced by some as meddling. So I have accepted the fact that there are those who are going to find fault with the United States no matter what we do.

But I think that what people have to understand is that the world has changed dramatically in the past two decades in the U.S.'s policy and its approach to the region has changed with it.

History and experience have shown everyone how nations can best expand opportunity and secure better lives for their citizens. Open economies and political systems, outward looking trade regimes and respect for human freedom are the indisputable requirements of a 21st century state.

We hardly have to impose that sound model on anyone who wants the very best for his or her people. So those who would inveigh against United States paternalism or meddling in the Western Hemisphere have lost that essential talking point and for those countries seeking to follow the responsible path, we are committed to helping them actively and robustly and we have demonstrated that.

If not, then frankly no amount of assistance or moral support or engagement is going to keep them from failing. So the decision and the requirements are imposed on them and they need to do their part and pull their weight.

This is the basis of President Bush's Millennium Challenge Account, his historic new assistance program that rewards countries for making the tough decisions to help themselves.

But let us recognize again that no amount of external aid will substitute for governments making the tough decisions to open up their economies, to make themselves more attractive to outside investment, to make them more competitive in the global economy and to extend those basic services and opportunity in an equitable way.

To their immense credit, most of the leaders in the region recognize these obligations and are working hard to fulfill them and as they do so, they have found the Bush Administration to be a creative partner, reinforcing the democratic forces of reform.

Thank you very much for the opportunity to testify, Mr. Chairman and I look forward to answering your questions.

[The prepared statement of Mr. Noriega follows:]

PREPARED STATEMENT OF THE HONORABLE ROGER F. NORIEGA, ASSISTANT SECRETARY OF STATE, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman and Members of the Committee:

It has been fashionable of late to cite recent polls that suggest the people of the Western Hemisphere have lost faith in democracy as an ideal. I believe that while the concerns are real, they need to be tempered by historical context.

The struggle for democracy in the region that characterized the 1980s is thankfully now a mutual effort to deliver the benefits of freedom to every individual in every country. The vast majority of Latin Americans and their Caribbean neighbors live under leaders of their own choosing. Today, free elections and peaceful transfers of power are the norm and former adversaries compete not on the battlefield, but in the democratic arena of electoral politics.

Political progress in the region has gone hand in hand with economic reform. Many of the old demons are gone: inflation is largely tamed; countries are increasingly open to foreign trade and investment; economic setbacks still occur, but no longer do they lead inevitably to crises affecting the entire Hemisphere.

Most of the region's leaders recognize that democracy and the free market must be part of any sustainable plan for development. The paradigm that has been so successful in guiding the expansion of freedom and economic growth to Latin America over the past twenty years remains firmly in place. Indeed, most recently elected leaders, even those characterized by some as "populist," are in fact governing their nations responsibly within that framework.

In fact, during this coming June, a key multilateral event will take place in Fort Lauderdale, Florida, when the United States will host the OAS General Assembly for the first time in 30 years. That gathering will advance our agenda of delivering the benefits of democracy to ordinary citizens by making governments more effective, transparent, and accountable.

There is little doubt, however, that many individuals in the hemisphere are frustrated by the perceived inability of democracies to deliver benefits to all citizens in equal measure. Some, in their frustration, are turning in increasing numbers to politicians who promise populist solutions to the region's persistent problems or else entertain thoughts of a return to authoritarianism.

That is to say, we continue to confront challenges in the workings of democracy in the region.

What the polls show is that Latin Americans by and large don't trust their governments and their institutions. The survey numbers suggest that overwhelming majorities in virtually all countries of the region have "little" or "no" confidence in their executive, judiciary, legislature, political parties, armed forces or police.

I believe this can be attributed to the fact that, in many cases, political elites in the region often are perceived to exhibit an aloofness from the people they are supposed to represent and serve. That gulf is often reinforced by legal immunity granted legislators and the de facto impunity afforded many other governmental and political actors.

That resultant mutual mistrust between voters and the government encourages corruption, as citizens resort to one of the few ways available to persuade government officials to actually work on their behalf—pay them directly.

Many formal democratic institutions in Latin America are weak and overly politicized. In some countries there is not one single body—not a Supreme Court, not an Electoral Commission, not a Regulatory Board—that can be relied upon to routinely make impartial, apolitical decisions in accordance with the law.

Many political parties in the region are not doing their job well—they are often bereft of new ideas, too focused on patronage, and too dependent on the skills of one charismatic leader.

That spoils mentality is too often reinforced by electoral systems which favor legislative candidacy via party slate and over-represent rural areas—politicians owe too much allegiance to the party structure and not enough to constituents; entrenched anti-reform opponents are granted too large a voice in policymaking.

Poverty and the inequality of income and wealth which characterize much of the region make it difficult for democracy to thrive. Under-funded states lack the resources to apply the rules of the game fairly—even if leaders have the political will to try.

That unfairness is sharpened by some governments' tendency to overlook minority rights—the rights of indigenous peoples, ethnic minorities, women, children, and the disabled.

High crime levels, present in many nations of the hemisphere, dampen voters' enthusiasm for democratic rule.

These challenges to democracy are daunting—but I am convinced they can be overcome by strong leadership, a willingness to make tough decisions, the forging of a national consensus, and the active implementation of a reform agenda.

The Hemisphere's democratic agenda cannot be advanced solely by the poetry of verbal commitment to its principles, it must be advanced by the daily toil of governments.

Sustainable economic growth and political stability are only possible if governments consciously extend political power and economic opportunity to everyone, especially the poor.

Taken together—trust, transparency, effectiveness, inclusiveness, public safety, political consensus on the need to have decision-making framed by the national welfare, and cooperative civil-military relations—are what enable vibrant democracies to withstand political and economic shocks to the system.

They are the cornerstones of viable states.

The Hemisphere's most successful democratic leaders understand what is needed to make democracy work.

They reach out to the opposition, civil society, and minority groups. Dialogue builds trust, and trust is the key element in encouraging real political participation and keeping the political pot from boiling over.

They understand that public relations matter. Citizens need to know when their government is effective—when new schools are inaugurated or inoculation programs are undertaken.

Good leaders recognize the importance of working with and cultivating responsible media.

Good governments in the region are vigorously prosecuting corruption cases and institutionalizing procedures that promote public transparency—including electronic procurement, freedom of information legislation, and the establishment of ombudsman offices to monitor allegations of corruption.

Successful leaders are promoting legal or constitutional reforms that better link elected officials to their constituents. Politicians will never behave if they cannot easily be held accountable by the voters from a defined district or are officially shielded from prosecution.

Successful democracies are closing the gap between politicians and voters by decentralizing political power and revenue collection—granting municipal governments both real responsibility and revenue can tamp down corruption and give people a greater sense of direct participation in the political system.

Responsible leaders are spearheading legal or constitutional reforms that foster impartial, professional, and apolitical judiciaries. Some countries in the region have enjoyed great success in judicial reform by streamlining civil code procedures; introducing computerized case tracking systems; staggering the appointment of Supreme Court justices; and naming judicial councils that oversee hiring, firing, and disciplining judicial employees.

Successful leaders understand the link between democracy and individual economic opportunity. The path to prosperity is built upon affording individuals the chance to pull their own weight and create personal wealth—by reducing the red tape of business registration, encouraging the broader provision of bank credit, harnessing remittances for productive purposes, providing wider access to education, and accelerating property titling.

Good governments must have good police forces. Not only is public safety a crucial function of government, but police officers are often the most visible personification for most citizens of the power of any administration—so they must act with efficiency and respect.

Successful leaders in the region also value multilateral engagement as a tool to shore up the Hemisphere's democratic institutions. The work of the Bolivia Donor Support Group, OAS election observation in Venezuela, and regional contributions to MINUSTAH in Haiti are but three recent examples of how multilateral engagement can help speed the progress of democracy.

Our assistance programs are also lending a hand. We are providing democracy building support in the Hemisphere ranging from legal code reform and judicial training to anti-corruption projects and conflict resolution.

But our assistance, in and of itself, cannot guarantee the deepening of the Hemisphere's democratic roots.

There is simply no substitute for strong local leadership willing to make tough decisions and embrace civil society as a key contributor to policy debates.

We support the Mesa administration in Bolivia. But it is the Bolivian people and Bolivian democratic institutions who must reach a consensus on how to exploit the country's vast natural gas resources in a way that best supports the common good; on how to include the aspirations of indigenous people within the country's democratic framework; and on how to address regional calls for autonomy.

We support the presidency of Enrique Bolaños in Nicaragua and are pleased that his government has made significant efforts to combat corruption—to the point that Nicaragua and the Millennium Challenge Corporation may conclude a compact in the near future. Challenges remain, especially the dramatic politicization of that country's judiciary and the damage done to both the presidency and the National Assembly by the tug of war between two political *caudillos* (strongmen)—one of whom remains enamored with the obsolete politics of the 1940s and another with a bankrupt leftist ideology from the 1970s.

In Cuba, the President's message to democratic reformers facing repression, prison, or exile is clear: "When you stand for your liberty, we will stand with you." We are implementing the recommendations of the President's Commission for Assistance to a Free Cuba designed to hasten a democratic transition, and the regime is being pressured as never before. We will continue to prepare to support a rapid,

peaceful transition to democracy. And, we will assist Cuba's democratic opposition and civil society as it seeks to organize itself for the coming transition.

Supporting Haiti's slow ascent from a decade as a predatory state is an enormous challenge, but we are determined to stay the course as long as the Haitians themselves remain engaged in fashioning the truly democratic government they so deserve.

In Ecuador, we have been vocal in our support for constitutional democracy and its institutions. We have good relations with the Gutiérrez administration, on issues from the environment to fighting global terror, and laying the groundwork towards an FTA. But it is the Ecuadorians who must work to strengthen and safeguard their fragile democracy against political self-interest that threatens to weaken and fracture it and paralyze any attempt at much needed reforms.

In Peru, we were enormously encouraged that, during last New Year's Eve uprising, citizens from all political stripes stood firm and rejected any place for violence in the country's political discourse. That is the kind of political maturity that will be needed as they tackle poverty, elections in 2006, and fight off the encroachment of narcotraffickers in the nation's economy and political institutions.

Venezuela, frankly, does not present a promising picture. We have no quarrel with the Venezuelan people, but despite the United States' efforts to establish a normal working relationship with his government, Hugo Chavez continues to define himself in opposition to us.

President Chavez claims his mandate is to help the poor and end discrimination and inequality in Venezuela. As to why he thinks that necessitates an adversarial relationship with the United States, we can only speculate.

The United States works with leaders from across the political spectrum in a respectful and mutually beneficial way to strengthen our democratic institutions, build stronger economies, and promote more equitable and just societies. Our neighbors know that we are good partners in fighting poverty and defending democracy. We do more than respect each others sovereignty: we work together to defend it by promoting democratic ideals and by fighting terrorism, drugs and corruption.

But President Chavez has chosen a different course, and he has a six-year track record that tells us a thing or two about him. His efforts to concentrate power at home, his suspect relationship with destabilizing forces in the region, and his plans for arms purchases are causes of major concern.

Our policy is very clear: We want to strengthen our ties to the Venezuelan people. We will support democratic elements in Venezuela so they can fill the political space to which they are entitled. We want to maintain economic relations on a positive footing. And we want Venezuela to pull its weight to protect regional security against drug and terrorist groups.

We also want Venezuela's neighbors and others in the region to understand the stakes involved and the implications of President Chavez's professed desire to spread his "Bolivarian" revolution.

Many of them are fragile states without the oil wealth of Venezuela to paper over their problems. They are striving hard to strengthen their democratic institutions and promote economic prosperity for all.

Should the United States and Venezuela's neighbors ignore President Chavez's questionable affinity for democratic principles we could soon wind up with a poorer, less free, and hopeless Venezuela that seeks to export its failed model to other countries in the region.

Mr. Chairman, before concluding, I want to address one other point that has somehow become part of the conventional wisdom: that the United States is "ignoring" the Western Hemisphere.

I think that what people have to understand is that the world has changed dramatically in the past two decades, and U.S. policy has changed with it.

During the Cold War, strategic considerations dominated our policy and U.S.-Soviet tensions turned the region into a giant chessboard whereby forestalling the creep of totalitarianism necessarily trumped all other considerations. That approach was not always appreciated. In those days, we were not accused of ignoring the hemisphere, but were accused of being too heavy-handed, further enforcing the historic perception of a "paternalistic" United States approach to the region.

Today, that has changed.

History has proven to be a most reliable guide as to how nations can best expand prosperity and better lives for their citizens. Open economies and political systems, outward looking trade regimes, and respect for human rights are the indisputable requirements for a 21st century nation-state.

So those who would inveigh against U.S. "paternalism" in the Western Hemisphere have lost their essential talking point, because we seek to impose this model on no one. But for those countries seeking to follow this path, we are committed

to helping. If not, then no amount of assistance or moral support can stop them from failing.

This is the basis of President Bush's Millennium Challenge Account, his historic new assistance program that rewards countries making the tough decisions to help themselves.

To be eligible for MCA funds—amounting to \$1.5 billion for fiscal year 2005—nations must govern justly, uphold the rule of law, fight corruption, open their markets, remove barriers to entrepreneurship, and invest in their people.

Three countries from our own hemisphere were among the first 16 to be declared eligible for MCA assistance: Bolivia, Honduras, and Nicaragua. Two additional countries were recently selected as "MCA threshold countries" for FY05—Guyana and Paraguay. These countries will receive assistance aimed at helping them achieve full eligibility.

By placing a premium on good governance and effective social investment, the MCA approach should help countries attract investment, compete for trade opportunities, and maximize the benefits of economic assistance funds.

But let us recognize, again, that no amount of external aid will substitute for governments making the tough decisions for themselves to open up their economies, to make their governments more effective and accountable, to make themselves more competitive in a global economy, and to extend the most basic services and opportunities equitably.

To their immense credit, most of the leaders of this region recognize these obligations and are working hard to fulfill them. And as they do so, they have found in the Bush Administration a creative partner, reinforcing the forces of reform.

The good news is that this Hemisphere has many leaders with ambitious social agendas who are adopting sound economic policies and seeking mutually beneficial relations with their neighbors, including the United States. There is a solid consensus in favor of representative democracy and respect for human rights in this Hemisphere.

To conclude, this administration believes strongly that hemispheric progress requires continued American engagement in trade, in security, in support for democracy, and across the board we are deeply involved in expanding peace, prosperity, and freedom in this hemisphere. Democracy is indeed an essential element of our foreign policy agenda.

Thank you very much and I look forward to answering any questions you may have.

Mr. BURTON. Thank you.

Mr. Franco, if we could keep your statement fairly concise, we would appreciate it, because we want to get to the questions.

Mr. FRANCO. Absolutely.

TESTIMONY OF THE HONORABLE ADOLFO A. FRANCO, ASSISTANT ADMINISTRATOR, BUREAU FOR LATIN AMERICA AND THE CARIBBEAN, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. FRANCO. Thank you, Mr. Chairman. It is a pleasure to appear before the Committee and you, Mr. Menendez, and the other Members of this Committee to discuss how USAID and the Bureau for Latin America and the Caribbean, specifically, is implementing the President's vision for the Western Hemisphere.

Mr. Chairman, I have submitted a complete statement for the record and with your permission, I will summarize my statement here.

Mr. Chairman, the essence of President Bush's policy for the Latin America and Caribbean region is that long-term economic growth and political stability are only possible if governments extend political power and economic opportunity to all their citizens, especially the very poor.

Secretary Noriega has testified this will be a theme that will be reiterated by our President at the Fort Lauderdale summit and has already been doing so in previous summits with hemispheric lead-

ers, to stand up to the plate on the right policies that can deliver for every single citizen of the hemisphere.

The United States continues to promote prosperity for the region by promoting an agenda that supports a peaceful and democratic hemisphere, through support for strengthening the democratic institutions and liberalizing government policies that will entice and induce investment, both from abroad and internally.

Administrator Natsios and USAID remain committed to the consolidation of democracy and the improvement of regional political stability, the advancement of marketplace development and increased human well-being for the fulfillment of the human potential for every hemispheric citizen.

The good news, Mr. Chairman, for the region is that with the exception of Haiti, 2004 has seen a healthy turnaround in the region's economy, which averaged a healthy 5.5 percent growth.

In addition, of all United States exports, 40 percent were sold to the Latin America and Caribbean region and the United States continues to be the largest buyer of the exports of the Latin America and Caribbean region.

However, as noted by Mr. Menendez and others, there is a huge income disparity in the region, compared to the rest of the world and the challenge is for us to bridge that disparity, to narrow it and to make Latin America more competitive with other developing countries of the region so their economies will continue to grow and income streams can be increased, especially for the very poor.

Mr. Chairman, briefly I would like to highlight some key areas that are of special concern to us and to the Committee as well.

First, corruption is leading to a crisis in democracy in the region. That is indisputably the case. Simply stated, corruption is a real threat to economic development and the growth and the strengthening and consolidation of democratic institutions.

Therefore, good governance programs and institution building, which is support for democratic governance, will remain a priority for the Bush Administration.

Mr. Chairman, despite bold efforts by Colombia, Bolivia and Peru to combat narco-trafficking, the continuing lack of state presence and functioning public institutions in some areas have allowed illegal narcotics production and armed terrorist organizations to flourish.

This remains a pivotal concern of USAID and what our alternative development programs are premised to address.

On the environmental front, global demand for forest products has led to an increase in illegal and destructive logging, which remains one of the key threats to the world's largest remaining forests.

Inequalities and access to quality health services also present major obstacles to achieving overall economic and social development in Latin America, which has the second highest prevalence rates of HIV in the world.

To address these challenges, USAID will continue to focus on four strategic programmatic areas: First, democracy and governance; second, economic prosperity and security; third, counter-narcotics efforts; lastly, social and environment programs.

In addition, USAID is implementing a number of President Bush's initiatives, from the President's emergency plan for HIV/AIDS to the Center for Excellence in Teacher Training to an Amazon Basin Initiative and for a Water for the Poor program.

Now, Mr. Chairman, I will just briefly tell you what the priority programs I have outlined will do. As stated previously, legal and judicial reforms and good governance remain the largest priority for USAID in the region.

Corruption remains as the chief—and I need to underscore this—the chief obstacle to economic development and to the consolidation of effective good governance and democracy.

Therefore, USAID supported criminal justice reforms and judicial and legal reform, guaranteeing access to courts more open and participatory processes, faster resolution of cases and increased citizen competence in their own institutions will remain a priority. We will redouble our efforts in 2006 to continue these programs.

In addition, the United States will continue to help the region to enact legal policy and regulatory reforms that promote trade liberalization, hemispheric market integration and improve competitiveness.

USAID has already provided critical assistance and public outreach programs in Central America and the Dominican Republic during the negotiations of the United States' Central American Free Trade Agreement (CAFTA), which was signed by five countries in 2005 and, as you know, recently ratified by Honduras.

CAFTA implementation will continue to be a priority, a major priority in 2006, along with increased efforts to negotiate other free trade agreements in the region, particularly the Andean and South American region.

As you know, Mr. Chairman, counternarcotics leads to violence, crime and corruption and weakens governments, especially in the Andean region.

To address this threat, the Andean counternarcotics initiative's goals are to disrupt the production of illicit drugs, second, strengthen law enforcement and thirdly, where we come in at USAID, develop licit income alternatives to illegal drug production.

Since its inception in 2003, our efforts to assist the Andean Governments and the Andean societies has expanded state presence, strengthened democracy in the region, created licit income streams and improved social conditions and provided assistance to the only internally displaced people in the hemisphere.

Mr. Chairman, USAID assistance in the health sector has also served to lower the current rates for tuberculosis, expand vaccination coverage throughout the region, reduce major childhood illnesses and deaths and lower maternal mortality rates.

This has been developed through cost effective methods of combatting malaria and other contagious diseases. That is the good news on the health front.

The other challenges on the health front remain a mounting problem with HIV/AIDS. As the President has articulated, two of the countries of the region are eligible for his emergency plans for AIDS relief. Guyana and Haiti received substantial HIV/AIDS funding, as well as other programs that serve 10 countries in the region.

U.S. education and training programs are also continuing to develop innovative and effective delivery models that offer the promise of improving the lives and futures of millions of children and young adults and also preparing them for a changing marketplace so they can become competitive as we move to a hemispheric wide trade agreement.

Our programs support the monitoring of student performance, information services to ministries of health and special training for young adults so they can compete in a new workforce. This is a priority for the President. He will reiterate them at the November summit in Buenos Aires.

Lastly, USAID implements a wide array of environmental programs and supports Presidential initiatives to conserve the region's natural resource base and biodiversity and seeks to reduce environmental hazards that increase the management of and access to clean water, which is a major concern for the President.

So a major strategy is being developed this year to expand our efforts on the biodiversity front and clean water for the Amazon and South American region.

In conclusion, Mr. Chairman, the programs I have mentioned to you offer an insight into our steep development challenges that the countries of our own hemisphere face.

I remain optimistic that with the leadership and vision of the President, Secretary Rice and Administrator Natsios, we are setting a new standard for governments that will instill a deserved sense of security, opportunity and prosperity for all Latin Americans and Caribbeans.

I would be pleased to answer any questions, Mr. Chairman, that you and the other distinguished Members of this Committee might have for me. Thank you

[The prepared statement of Mr. Franco follows:]

PREPARED STATEMENT OF THE HONORABLE ADOLFO A. FRANCO, ASSISTANT ADMINISTRATOR, BUREAU FOR LATIN AMERICA AND THE CARIBBEAN, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Burton, it is a pleasure to congratulate and welcome you as the new Chairman of the Subcommittee on Western Hemisphere. We at USAID, and especially the Bureau for Latin America and Caribbean Affairs, look forward to working with you closely in your new capacity, and with all the Subcommittee Members, on the numerous issues relating to this critical region. On November 18, 2004, I appeared before then Chairman Ballenger and Members of the Subcommittee to address, "Aid to Colombia—The European Role Against Narco-Terrorism." I took the opportunity to discuss how the United States Agency for International Development (USAID) was contributing to overall U.S. government efforts to promote peace and democracy in Colombia, and to decrease the flow of drugs into the United States. We did so to assist the implementation of President Bush's vision for a secure and prosperous Western Hemisphere. The essence of the President's policy was and is that real, long term economic growth, political stability, and consolidation of democracy are inextricably linked—and only possible—if governments consciously extend political power and economic opportunities to everyone, especially the very poor. In her January 18, 2005 confirmation hearing before the Senate Foreign Relations Committee, Secretary of State Condoleezza Rice stated that the Western Hemisphere is "extremely critical" to the United States, "... With our close neighbors in Latin America we are working to realize the vision of a fully democratic hemisphere bound by common values and free trade . . ."

Today I would like to update you on the state of democracy in the Western Hemisphere, cite a few instances of how USAID's Bureau for Latin America and the Caribbean (LAC) is contributing to the consolidation of democracy in the region, and identify areas of growing concerns that, unless addressed now, will undermine

democratic gains in the region in the coming years. Finally, I would like to brief you on opportunities for further targeted USAID assistance in the LAC region.

Synopsis

USAID has been supporting democratic reforms in LAC since the mid-1980s, and has achieved some notable successes over this period, especially in recent years. However, worrisome trends such as the recent developments in Venezuela, Paraguay and Nicaragua, increased crime, corruption, weak public institutions, and economic polarization threaten to undermine this progress. Moreover, as a region, Latin America is second only to Africa in low growth of income, and ranks first in the world in terms of income disparity. These developments are causing the citizens of the LAC region to lose confidence in the democratic system and question the ability of free markets to provide rising standards for all. These trends, coupled with the lessons of September 11, 2001, make it imperative that the region's development agenda continues to focus on strengthening democracy and the rule of law in order to expand rule-based trade integration, and ensure against back-pedaling from solid democratic gains. Strengthening democracy will also be a prerequisite for assuring that the benefits of increased trade and investment will be shared among all sectors of society in Latin America and the Caribbean, where persistent income inequality presents a growing problem for democratic institutions.

Milestone Achievements

Since 1984 when USAID began programs to assist El Salvador to improve the courts and democratic governance, to the present, extraordinary progress has been made by LAC countries. Today, democratic governance has come to be recognized as the norm, largely in response to citizens' growing consciousness of their rights and power. Democratic practices are becoming increasingly consolidated, and societies have shifted from authoritarian regimes to democratic forms of government. Civilian, rather than military, governments are now in place in all countries of the hemisphere except Cuba. Several generations of free and fair elections have transpired in many countries of the region.

The push for decentralization and devolution of power to local governments continues to expand citizen participation and decision-making at the community level. In addition to increasing citizen participation, USAID is helping civil society organizations (non-profits, business organizations, churches, civic associations, and others) play a significant role in monitoring government actions, advocating policy change, and in providing quality services to the communities in which they work. The trends in LAC over the past two decades clearly indicate a deepening of democratic values as democracy becomes the expectation of citizens and, in a globalizing world, the expectation of the marketplace.

Hand-in-hand with the strengthening of democracy in the region, violations of human rights have greatly diminished, and governments are taking actions to promote peace and reconciliation. Along with the increasing respect for human rights, governments are beginning to respect and advocate for the rule of law. Modernization of the justice systems continues in the region and in particular, the transition to oral adversarial trials and a consolidation of the independence of the judiciary. By the end of the last decade, largely as a result of U.S. government leadership, the fight against corruption was widely recognized as a critical development issue in the region.

Since the 1980s, USAID has trained thousands of judges, prosecutors, litigators, law professors, and community activists to ensure success of the transition to modern judicial systems. These efforts have improved the lives of ordinary citizens in the region by increasing access to justice and expanding legitimate state services to remote and under-served areas. Moreover, a more effective judicial system serves U.S. interests by combating organized crime, narcotics trafficking, money laundering, human trafficking, and alien smuggling, thus making these countries less susceptible to infiltration by terrorists.

A few examples:

- In Guatemala, USAID support for a new, oral, and adversarial Criminal Procedure Code has reduced case processing time from two years to ten months on average per case. Sixteen new "Justice Centers" provide access to a wide variety of services, from arbitration to police protection. A new USAID-assisted public defense institute provided effective access to justice, human rights assistance, and procedural due process, in twenty-three languages, for over 20,000 Guatemalans in 2004. This institute now has national outreach.
- USAID-assisted mediation centers in Guatemala provide access for the poor to swift, more effective justice: Mediators resolve 73 percent of all cases brought to their attention—whether they are civil, commercial, family, or

criminal—within one month. Translators are available to help families of both the accused and victims who speak any of Guatemala’s languages other than Spanish. With USAID’s help, new Victim Assistance Offices now operate in all of Guatemala’s administrative departments.

- Based in part on the Guatemala model, USAID has helped El Salvador establish alternative dispute resolution through seventeen community mediation centers. These centers addressed over 2,700 complaints in 2003–2004.
- Changes to the Criminal Procedure Code that USAID helped promote in Guatemala have since led to similar changes in 11 other countries—Bolivia, Honduras, El Salvador, Peru, Ecuador, Colombia, Nicaragua, Venezuela, Costa Rica, Peru, and Chile. In Bolivia, for example, with three years of experience under its new Code and with USAID help, average trial length was reduced from seven years to 18 months; the cost of trials has decreased from an average of \$2,400 to \$400; and citizen confidence in the integrity of criminal processes has improved.
- In Colombia, as in Guatemala, USAID has funded the construction of 37 “Justice and Peace Houses,” and anticipates bringing the total to 40 by the end of 2005. This has given new access to justice for 2.4 million Colombians. The centers offer:
 - conciliation services;
 - access to community police and public defenders;
 - family law services;
 - family violence response services;
 - neighborhood dispute resolution;
 - human rights ombudsman services;
 - other legal assistance as needed in the local community;

USAID training programs for justice sector workers are assuring continued progress and sustainability of these centers. Also, with USAID help 4,400 persons have received assistance from the human rights protection program.

- In Paraguay, USAID technical assistance on investigative reporting, has improved the media’s ability and effectiveness to expose public sector corruption and inform citizens. The number of articles on corruption in the four national newspapers has increased by 226% since 2001. Civic oversight has increased with citizens reporting corruption cases. After initial reporting, the press has continued tracking these cases with the Prosecutor’s Office and through the courts to ensure ongoing public scrutiny.
- In Mexico, USAID assistance helped launch in 2003, its new Freedom of Information legislation, modeled in part after similar U.S. legislation. USAID is currently working with the new Federal Institute on Access to Information to implement the law. The Commissioners recognize the milestone that the law represents for Mexico’s democracy and a new culture of transparent government.

For the first time in Mexican history, citizens are now able to submit petitions to the government to request access to public documents. In 2004, using USAID technical assistance, President Vicente Fox presented a comprehensive legislative reform package to transform the Mexican criminal justice system.

- Across the LAC region, USAID has worked successfully with countries including Honduras, El Salvador, Guyana, the Dominican Republic, Bolivia, Ecuador, and Peru, to develop modern electoral systems fully capable of conducting free and fair elections without external assistance.
- Through its Rule of Law programs, USAID has helped:
 - train and professionalize justice sector personnel;
 - promote and protect human rights;
 - improve administration of justice;
 - create public defense capacity;
 - expand access to justice; and
 - reform legal frameworks.
- In large part, due to sustained USAID assistance to the Inter-American Institute for Human Rights, national human rights ombudsmen are now the norm across the region.

- Members of supreme courts as well as attorney generals now monitor their own productivity and quality of performance. This resulted in part from USAID support for a Justice Studies Center of the Americas.
- USAID has played a lead role in furthering anti-corruption/transparency initiatives, including working with other donors and governments to create oversight mechanisms, national plans and other methods to combat corruption.
- USAID has worked with national governments, municipalities, and regional associations of municipalities to promote good governance practices based on transparency, accountability, and citizen participation.
- Importantly, USAID has worked with civil society organizations across LAC countries to increase the capacity of citizen organizations to hold elected officials accountable and lobby for improvements.

Evolution in LAC Democracy Programming, Regional Trends, and Emerging Challenges

USAID's democracy programs provide continuing assistance to 16 countries including Cuba. While much remains to be done, USAID programs have stayed the course to promote much needed sector reforms dating back to the 1980s. More recently, USAID democracy programs were fine-tuned to focus on rule of law, civil society, local governance, anticorruption, human rights, and combating violence.

The US National Security Strategy, September 2002 identifies development, together with defense and diplomacy as essential to combating terrorism. By promoting stability and the rule of law, USAID can help prevent the growth of transnational crime and terror networks. By strengthening our neighbors' ability to defend their own borders, we are in fact increasing our ability to protect our borders. It is in this context that some of USAID's democracy and governance programs work.

USAID-funded research in 2004 about attitudes toward democracy in eight countries in the LAC region indicates a broad, regional commitment to democracy. However, an unfortunate convergence of factors is beginning to undermine countervailing trends in favor of democracy.

State Fragility, Crime, and Personal Security

Traditional literature on state fragility examines national level indicators to predict vulnerability. By these measures, with the exception of Haiti, it is doubtful that any state in the region could be categorized as a "failed" or "failing" state. However, most are chronically weak and vulnerable. And, Latin American and Caribbean countries are now facing an emerging, exogenous threat that the traditional approaches overlook—internationally integrated organized crime, with its associated corrupting influence on government, a threat that hardly existed 30 or 40 years ago, but is now emerging with exponential growth. Organized crime takes advantage of weak public institutions to conduct and diversify its activities from narcotics to alien smuggling, contraband, counterfeit goods, money laundering, and other nefarious activities.

Rising crime and lack of personal security in many LAC countries create not only instability, but also reduce productivity and discourage private investment flows. LAC countries have the highest crime rates in the world. In much of the region, business associations rank crime as the number one issue negatively affecting trade and investment. Jamaica, already one of the most violent countries in the region, experienced a fifty percent increase of its murder rate in 2004 over 2003 figures, due largely to expanded gang violence which extends throughout the LAC region. Crime-related violence represents the most important threat to public health, striking more victims than HIV/AIDS or other infectious diseases.

Parks and environmental reserves are plundered by illegal logging and corruption in extractive industries, undermining U.S. global interests in protecting the environment. The Inter-American Development Bank (IDB) noted that Latin America's per capita gross domestic product would be 25 percent higher today if the region's crime rate were on par with the rest of the world. Similarly, the World Bank has shown a strong link between income inequality and crime. In fact, income inequality has worsened over the past decade, and is unlikely to improve soon.

Many of the threats to democracy and human rights, and growing gang violence, are financed with massive resources from organized crime, money laundering, alien smuggling, illegal drugs, and other illicit, inter-linked enterprises. Criminal groups can take advantage of the situation to expand where law enforcement is lax and bribing officials easy. The Global Terrorism Reports asserts that the tri-border area (Argentina, Brazil, and Paraguay) has long been characterized as a regional hub for clandestine fundraising activities, arms and drug trafficking, contraband smuggling, document and currency fraud, and money laundering.

The 2004 USAID-funded survey further demonstrated the strong, positive relationship between citizen support for the current democratic system and their feelings of security. As a result, there is tremendous pressure from citizens to address issues of personal security, particularly via fighting crime and terrorism. For example, in May 2002 in Colombia, President Alvaro Uribe capitalized on the citizen frustration over crime and the failed peace talks with guerrilla groups.

President Uribe's program included strengthening the military, not compromising with the guerrillas, fighting corruption, and introducing political reforms to reduce crime and address poverty. The Uribe administration has been able to provide increased citizen safety, and this has resulted in consistently high approval ratings. The anticrime message has been adopted by Presidents Ricardo Maduro in Honduras, Antonio Saca in El Salvador, and Oscar Berger in Guatemala and other regional leaders seeking to repress gangs and violence by strengthening their military and the police.

While justice systems remain weak, and crime represents a chronic, increasing problem, politicians, and the public are more willing to make sacrifices of civil liberties to address those ills.

Corruption

As noted in the *Journal for Democracy* from the Hoover Institution, "The core obstacle to economic development is not a lack of resources. It is bad—corrupt, abusive, wasteful, unaccountable—governance." In addition to rising levels of organized crime and the resulting violence, corruption is taking its toll on governance in the countries of Latin America and the Caribbean.

Institutionalized corruption at both the national and local levels, not only alienates a country's citizens, but also is likely to be accompanied by other threats to stability including smuggling, drug trafficking, criminal violence, human rights abuses, and the personalization of power. In Latin America and the Caribbean, the World Bank now estimates weak judiciaries and corruption cut 15% from annual growth. Eighty percent of Latin Americans believe corruption, organized crime, and narcotics trafficking have all "increased substantially" in recent years. USAID's experience suggests that strong local governments are particularly effective at curbing corruption and improving standards of living. Survey data show that citizens who receive improved services from local governments have a much more positive view on democracy as a whole. Further, in places like Haiti, local governments may be the only way to achieve more effective governance to mitigate instability.

Weak Political Parties

"Political parties are among the core elements of democracy. They are the only tested vehicles to structure electoral competition, organize government, and recruit leaders." [Foreign Aid in the National Interest—Natsios Report, 2003].

In the LAC region, political parties are increasingly losing credibility or are simply nonexistent. As a result, governing coalitions are harder and harder to sustain, thereby weakening governments. Demands from indigenous groups, in many cases legitimate, cannot be met by poorly organized political parties. Ecuador in particular has a large number of political parties—few of any national scope, inhibiting coherent national policies. Political institutions in Bolivia, Guatemala, Mexico, Haiti, Guyana, and Jamaica are also brittle and vulnerable.

Across South America, there is a general inability of political institutions and leaders to manage extreme tensions resulting from political and economic realities on the one hand, and expectations from indigenous groups. Indigenous populations now have rising expectations for democratic governance, and those expectations are fueling new demands. Bolivia, very much in the news these days, is a good illustration of rising frustrations of indigenous groups fueling new demands on weak political institutions in a societal context of wide economic disparity. How Bolivia ultimately addresses the pressing demands on its political system will have wide repercussions beyond its borders, as improved communications across borders are increasing awareness by indigenous groups and outsiders of issues and, as a result, pressure for action.

USAID Programs

Justice sector modernization remains the largest focus of USAID governance programs in the LAC region. USAID plans to make operational 15 additional mediation centers and 15 additional justice centers by the end of FY 2006. These and other justice reform efforts will reduce the time it takes to process a case in eight target countries by an additional 20% by the end of 2006 (cumulative target for Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, and

Peru). New efforts in justice reform will target crime prevention and commercial codes. In addition, we will continue to assist with the protection of the human rights.

We will continue to work in partnership with the leadership in the Andean region to increase state presence, strengthen democracy, create licit economic opportunities, improve social conditions, and assist internally displaced people.

We will continue to train journalists in investigative reporting techniques, and support freedom of the press to print stories within democratically acceptable parameters that allow the public to be informed without threat to the publisher or writer.

USAID will continue to work with the private sector for greater transparency and to streamline procedures for investors and businesses to participate in the global marketplace. USAID will continue to help countries comply with the rules of trade, such as customs and rules of origin, sanitary and phytosanitary measures (animal and plant health and food safety), and intellectual property rights. Also, USAID will continue to support development of regulatory frameworks and innovative approaches to widen and deepen financial intermediation in the small and microenterprise sector to give marginalized business people greater access to borrowing capital.

In addition, USAID is supporting cutting edge efforts to increase the developmental impact of remittances. According to the Inter-American Development Bank May 2004 report, an estimated \$30 billion in remittances were expected to flow to the region from the United States alone, more than all other development assistance combined.

In Haiti, we are continuing to support the Interim Government in its efforts to stabilize the country through activities in employment generation, institutional support, health, humanitarian assistance, education, disaster assistance, and governance. In addition, in the coming months USAID, with other donor support, will focus particular assistance for the holding of communal, parliamentary, and presidential elections, scheduled for late 2005.

In Cuba, USAID efforts aim to hasten the Cuban transition to a democratically free state with a focus on developing civil society through information dissemination.

USAID's Office of Transition Initiatives (OTI) is performing critical work in support of democratic development and civil society in Venezuela, Bolivia, and Haiti. For example, in Venezuela, USAID is implementing the "Venezuela Confidence Building Initiative" to promote a solution to the current political crisis which began over three years ago. The objectives of the program are to facilitate and enhance dialogue, support constitutional processes, and strengthen democratic institutions. The activities are designed to involve both opposition and government aligned parties, and are open to all political groups.

In Bolivia, USAID will continue to increase citizens' confidence in Bolivia's democratic institutions and processes by making them more transparent, efficient, and accessible. USAID's programs directly addresses the root causes of the social unrest, especially in conflict-prone geographic areas such as the city of El Alto. For example, an integrated justice center was recently established in El Alto to provide conflict resolution and other justice services to underserved people, helping to alleviate the lack of government presence that has diminished public confidence in the rule of law. OTI's program in El Alto and the adjacent Altiplano region focuses on community development activities and on promoting a peaceful and informed dialogue between the government and the people on critical issues.

Conclusions

The rule of law and democracy crisis in the region needs critical attention. America's strength is in its values, and none are dearer than democracy and the rule of law. USAID will continue to project a clear, unambiguous determination to set the course straight and stay the course and the LAC Bureau's milestone achievements and past success show it can be done.

Clearly, democracy and independent judiciaries in LAC face numerous challenges. The security needs of the U.S. have made facing these challenges an urgent necessity. Fortunately, USAID is prepared to work as part of a broad U.S. response to strengthen our allies and, by extension, protect the United States.

Earlier in my testimony, I referred to the 2004 survey which indicated a preference for authoritarian measures to combat crime in the LAC region. Nonetheless, as one prominent former South American President indicated, "It does not mean, however, that faced with the real dilemma of choosing between economic security and democracy, Latin Americans will automatically dump democracy and freedom. Democracy is like oxygen. People don't talk much and don't worry about it, but try to take it away and they will get agitated and react."

Mr. Chairman, this concludes my statement. I welcome any questions that you and other Members of the Subcommittee may have. Thank you.

Mr. BURTON. Thank you for those statements. When is that OAS meeting in June?

Mr. NORIEGA. The first weekend.

Mr. BURTON. Can you get that date? It may be a good thing for us to have some of the Subcommittee Members down there to meet with OAS members and to get to know them better. And by doing that, some of the Subcommittee people that can't go on codefs down into the further reaches of Latin America could get to know some of the people who are in the OAS there.

I met the other night with a number of the Ambassadors at the Peruvian Ambassador's residence. We had dinner and got a chance to get to talking and know each other a little bit.

They all indicated that they would like to see trade expanded. They wanted to see the Andean Free Trade Agreement and the CAFTA agreement ratified by the Congress, but they indicated that one of the biggest problems, in addition to additional trade, was the poverty, which you have alluded to a little bit, that is rampant in some of the countries in Latin America. Many of the countries in Latin America.

They said that some of the poverty has been caused in part by the eradication program that we have used to eradicate coke and poppy crops down there and the campesinos who have been selling the coca to the cocaine dealers and the cartels have been forced to emigrate to the cities and as a result, the urban areas have a lot of these people there with no expertise, no potential job prospects and so they become part of the crime problem and part of the growing poverty problem.

What are we going to do, in addition to the expanded trade through our trade agreements, to help these countries with these people that are emigrating from the rural sites into the cities?

It seems to me, you know, one of the things we talked about 10 years ago, when we were talking about Plan Colombia and we were talking about the drug eradication program, 10 years ago we were talking about giving the campesinos so much per acre while they were being trained in replacement crops, crops that would flourish there.

We were even talking about macadamia nuts and so forth that were produced in places like Hawaii. I haven't heard any more about that. Has anybody talked about that, replacement crops, some kind of a subsidy of these people while they are being trained so that they don't become part of the poverty problem and then part of the criminal problem?

Mr. FRANCO. If I could, Mr. Chairman, first since you will be traveling to the region, I hope one of the first countries will be Colombia and I hope it will be—

Mr. BURTON. We are going to go to Colombia very shortly. The Vice Chairman, Mr. Weller, has been very working very hard to get that planned.

Mr. FRANCO. Vice Chairman Weller. Very well. He knows these issues and the other Members of the Committee. I hope that there will be an opportunity for you to visit the Putomayo area, where we are engaged in an aggressive counternarcotics effort with our

colleagues in INL, and USAID provides significant resources for alternative development, as well as in Peru and in Bolivia.

We don't call it or do it as crop substitution. We are looking for economic opportunities in the region that produce not only necessary income for people to have a licit lifestyle, but also beyond that, export capacity, which is now coming out of Putomayo to the national markets in Bogota and beyond.

Some of this is agricultural in nature. You will see it is not macadamia nuts. Some of this is parts of palms and a series of other products that fetch a high price in the region.

In addition, we are looking at forestry management. We are looking at a series of other economic activities to bring to be part of the state presence and Plan Patioto, which is taking back this area of Colombia specifically.

We are also doing the same thing in the Chapare and the Yungas and in Bolivia and that is giving people, as I mentioned earlier, a licit alternative to elicit drugs.

But let me just say a couple of things about this to be up front. We need an aggressive state presence, as we have had to date in Colombia and elsewhere, and a campaign to eradicate drugs so people have more incentive than just being provided with an alternative.

It is the law. It is illegal. It needs to be combatted and when that is, we provide an alternative income that produces a decent life.

We have found that most people want to lead a life within the law that provides a decent living for their children and for themselves and to have schools and the rest of it that we also work with them to accomplish.

What I think is important is that we don't compete with crop substitution. There is no way we can compete with the price of illegal drugs, meaning we have to underscore this is illegal. We will eradicate it and we will provide people with the tools for a decent and good life, but we are not competing for crop substitution.

We made a great deal of strides, through state presence and through an alternative development program, particularly in the Colombia and Peru and Bolivia models to achieve this. I want you to see it firsthand.

I don't really subscribe to the view that this is driving people to the cities. We are providing opportunities as part of a rural diversification program to start out with.

Mr. BURTON. Let me just follow up briefly. I am not bringing these comments out of the air. I mean I was——

Mr. FRANCO. I understand.

Mr. BURTON [continuing]. With about 15 foreign Ambassadors the other night and that is what several of them said. This isn't something, you know, that is a figment of my imagination.

Mr. FRANCO. No.

Mr. BURTON. They are saying that many of these people, through the drug eradication program, are forced to go into the cities and they are living in slum areas and they are becoming part of the poverty problem and also part of the criminal problem.

So I just wondered, who is right and who is wrong here?

Mr. FRANCO. I appreciate the comment. Let me say that there is a tendency, unfortunately, for urbanization throughout the region that is taking place, irrespective of our counternarcotics programs.

So this is, for example in the case of Peru, a third of the population lives in Lima. The people that are involved in illicit activities, it is a fallacy to believe that the campesino are making the money. The people making the money off illegal drugs are not the campesinos.

Mr. BURTON. Sure.

Mr. FRANCO. When I say that there are alternatives, the alternatives are commensurate to what they are being paid or what they can derive from this illicit activity.

There is the phenomena, which is a problem of rural development throughout the region, of increasing urbanization, because people believe there is a better life in the cities.

I think it is a very broad stroke comment to make that this is a consequence of our policies. I believe, for example, just to state what we have analyzed in the case of Putomayo specifically, the population more than doubled in the period of 5 years, as that became a center for illegal coca production.

In other words, the people weren't indigenous to there. They were seeking an opportunity that was illicit. What we are trying to do is replace that opportunity with licit activities.

Mr. BURTON. We will be going down to the regions you are talking about and we will talk to the people on the front lines down there.

Mr. FRANCO. Absolutely.

Mr. BURTON. I hope everything you are telling us is right on the money. I presume that it is, but we are going to go down there and find out and then we will report back to you if we find anything that is at variance with that.

I was told that European NGOs have been providing funding to some of these violent anti-government groups. Is there any truth to that?

Mr. NORIEGA. We believe there is. That there are—

Mr. BURTON. Do you have a list of the NGOs that are in the process of doing that? Because these are organizations that are supposed to be humanitarian and helping people and if they are helping foment revolution and—

Mr. NORIEGA. Mr. Chairman, we believe that this is a phenomena that we need to deal with and we are collecting specific information so that we can share it with our European friends.

It is not something that is happening just in Colombia, for example in Bolivia as well. In certain cases NGOs that are funded by European sources are opposing trade agenda, for example. Opposing efforts to control illicit cultivation of illicit crops.

So it is a problem. They become instruments of organizations that want to destabilize and use violence, use street violence, Mr. Menendez referred to undermining democratically-elected governments and it is an important enough phenomenon that we want to collect information.

Mr. BURTON. If we could get a list of those. I don't know whether any of that is classified or not, but we would like to see that so that we can be as up on that as possible.

Mr. NORIEGA. We will certainly do that, sir.
[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE ROGER F. NORIEGA TO
QUESTION ASKED DURING THE HEARING BY THE HONORABLE DAN BURTON

In response to the Chairman's request for a list of NGOs for the record, the State Department offered to instead brief Members and Staff on this issue.

Mr. BURTON. I think I have gone beyond my 5 minutes. We will let Mr. Menendez go as long as he wants and then we will go into the 5-minute rule, because he is our Ranking Member.

Mr. MENENDEZ. Thank you, Mr. Chairman and I want to thank the Secretary and the Administrator for their testimony.

Mr. Secretary, I was reading through your written testimony and I liked a lot of it. I agree with a lot of it.

I want to read three sections of it:

"Poverty and the inequality of income and wealth which characterize much of the region make it difficult for democracy to thrive. Under-funded states lack the resources to apply the rules of the game fairly—even if leaders have the political will to try. . . .

"The Hemisphere's democratic agenda cannot be advanced solely by the poetry of verbal commitment to its principles, it must be advanced by the daily toil of governments."

I would include ours as well in that context.

"Sustainable economic growth and political stability are only possible if governments consciously extend political power and economic opportunity to everyone, especially the poor."

I agree with you. Hence, I want to press an issue that I continuously have difficulties understanding. This is the second year in a row that the Western Hemisphere has suffered significant cuts in the President's proposed budget. Since 2003, the Administration has cut funding for programs designed to improve, for example, child survival and maternal health by over 23 percent. The Administration cut, for example, development assistance to El Salvador by over 30 percent. Child survival and health funding to the Dominican Republic has been cut by over 18 percent, and when I look at this, I don't know how we reconcile our interests by these budgets.

Before I turn to you and the Administrator, since you are both under oath, I just want to make sure we understand each other. If you want to make the argument that these aren't really cuts, compared to the President's fiscal year 2005 requests, then I want to suggest to you the following before you answer.

His fiscal year 2005 request was already a cut from 2004 enacted levels, and I would note that a bipartisan group of legislators in the House and the Senate made it clear that they did not agree with the Administration's cuts last year.

If you want to make the argument that the \$30 million for Haiti in the Transition Initiatives Account makes up for these cuts, then I think we need to get our facts straight again. The Administration specifically removed those funds from the Development Account, saying that in fragile states like Haiti, traditional development

funds weren't working. So you can't define them one way and then change the definition when it is convenient.

If you want to make the argument that the new money for the Millennium Challenge Accounts makes up for these cuts, then again let us get our facts straight one more time.

First of all, the Administration promised not to fund MCA at the expense of core development accounts. Two years later, we still haven't finalized the compact for the handful of countries from Latin America that qualified in 2004. And for the countries that will be lucky enough to be selected in the 2006 cycle, they are not likely to receive these funds until 2008, based on MCA's track record.

In view of the cuts, in view of what you did on the Haiti funds and in view of where we are at with the MCA, how is it that it is in our interests to sustain these types of cuts in the hemisphere, when we have listened to the words and hear the testimony? How is it that we continue to sustain these cuts?

Mr. NORIEGA. Thank you very much, Mr. Menendez. I think the issue that you raised is a valid one. We have a process within the Executive Branch, of course, that is intended to hear out all of the arguments, programs are discussed in a transparent way and competing interests weighed and then at a higher level decisions are made about what levels of funding we will request from the Congress.

Of course we understand that Congress makes the final judgments, but we do our best to juggle priorities with a finite number of resources and understand the concern that you have expressed and the rationale for it.

I will note that my testimony also states that no amount of foreign assistance is going to be a substitute for governments getting things right.

The income generated by exports from Latin America and the Caribbean to the United States annually is about \$240 billion a year. There is about \$40 billion remittances going back from the United States to Latin America and the Caribbean.

There is about \$25 billion in new investment every year from the United States to Latin America and the Caribbean. That adds up to something over \$300 billion.

My point is not that remittances are a substitute for official assistance. The point is that economies that aren't making effective use of \$300 billion in income in their economies and spreading it to people, including the very poor, are economies that need to be reformed and need to have significant fiscal reforms and other reforms to open up an economy and make it easier for people to do business, make it easier for individuals to start small and medium enterprises, have adequate access to credit, to have adequate education. In Latin America and the Caribbean we see higher, just in the case of education, higher repetition rates and dropout rates than you see elsewhere in the developing world.

We see that it takes longer to start a small- or medium-sized enterprise in Latin America than it does even in sub-Saharan Africa on average.

So these are governments that have to get their reform agenda, have to implement that reform agenda so that they can make effec-

tive use of assistance and then I would refer to the MCC, because it does explicitly reward those countries that are making the tough decisions to get those fundamentals correct.

Mr. MENENDEZ. What I would say to you is that first of all, you know, when I was a trial attorney, if I had the law on my side, I would argue the law. If I had the facts, I would argue the facts. If I had neither of the two in the case before me, I would bang on the table and create a diversion.

In that respect, I appreciate the first part of your answer, but I have a real problem. You know remittances are not a response for development assistance. Remittances are at the hands of the individual in the society to use as they choose and therefore cannot be focused even by a transparent rule of law by organized government that is performing well.

Secondly, you know who is going to eat our lunch and is eating our lunch in Latin America right now?

Mr. NORIEGA. China.

Mr. MENENDEZ. China. They understand and are making the investments that we have been shortsighted about, and when we find them in our own back yard, pursuing and drying up our interests and markets and whatnot, all of the trade agreements in the world aren't going to help us.

I am not against the trade agreements. I just think we need parallel actions as it relates to development assistance and economic assistance, so that we can move our agenda forward. I understand the context of difficult budgets, but I have to be honest with you. We are being penny wise and pound foolish as it relates to this hemisphere.

We spent billions during the 1980s promoting democracy in Central America and then after we did what we did, we basically walked away from ensuring that the seeds of that effort had deep roots, strong foundations and the ability to sustain themselves.

This is, in essence, my major concern. One of the major concerns I have, and China is going to do it to us pretty significantly.

If we don't get with it, then everything else, all of the transparencies, which I share with you, all of the rule of law initiatives, which I have been an advocate of and pressed several of the countries here publicly about, all of our efforts in institution building—at the underpinnings of this is a mass gulf between income equities. I am not saying we can do all of that, but we certainly have a lot more to offer than we have.

Finally, let me ask you what you think about President Carter's proposal on the context of strengthening the Democratic Charter so that in fact the OAS could be an even more efficient tool?

While you are answering that, could you give me your perspective of Venezuela? There are some suggestions that the three candidates for OAS Secretary General are not being as aggressive in their discussions as they seek their candidacy about the democracy issue, because of the concern with Venezuela. Do you have any perceptions on that?

Mr. NORIEGA. Yes, Mr. Chairman. You are a golfer, Mr. Chairman. You play the ball where it lies and I will do it either way.

The proposal by President Carter is a good one, is a sound one and the importance of his making it is that he is a person of some stature.

It isn't that it is particularly novel, but he is a person that is saying, as an outside observer who has a lot of experience in the region and a lot of credibility about democracy and empowering people, he is saying that this region needs to step up and actively defend the principles of the Inter-American Democratic Charter by applying it when we see that it is at risk.

It is not just an issue of putting it to a vote, that one country or another is not complying with its commitments under the charter, but how do we deal systematically to monitor whether countries are respecting the essential elements of democracy; whether they are encroaching on freedom of expression; whether one branch of government is imposing its will upon another; whether they are respecting essential human rights, all of which are defined in the charter as essential elements of democracy?

So there has to be a systemic consideration of those issues to make informed judgments about whether a country is complying with the charter.

So I think that is important, but that all requires political will and the reality is at the OAS, the small states in particular are unwilling to take on states that are prepared to use their largesse to sway their opinions about issues.

I think that has impinged, to a certain extent, on the race for the Secretary General of the OAS. So individual states need to make judgments about what kind of a neighborhood they want to live in and they need to be prepared to step up and work with their neighbors to look at encroachments on democracy.

The Inter-American Democratic Charter is not reserved just for the weak states or the poor states, but it should be applied even among those states that are wealthy, even when those states are violating the ideals of democracy.

But that is a judgment that has to be made collectively and it is one of a question of political will. Again, we have, in our approach with Venezuela, called upon our neighbors in the region to step up to the plate and to be engaged and to not isolate the current government, but to engage them in a way where they understand where the lines are and that there are red lines that the current government should not cross, not only in terms of what he is doing internally, but in terms of measures that he is taking that undermine democratically-elected neighbors.

This is a process that requires time. It requires the kind of quiet diplomacy that we are doing now and have been doing.

We need the same level of multilateral engagement that we saw over the last year in monitoring the political process in Venezuela to continue now and to say that President Chavez has to respect limits and he has to respect his commitments under the Inter-American Democratic Charter.

The irony is that when the United States speaks up, it becomes a bilateral thing and frankly some of our neighbors recede and say, "Let Uncle Sam handle this."

Quite frankly, our approach is not to let countries off the hook in that way and not to wait until they are undermined by some of

the things that he is doing, not to wait until the region is destabilized because of some of his policies, but to do so now and to do so as a community and to step up and show the political will on this.

Mr. MENENDEZ. Mr. Chairman, I have other questions I will submit for the record, and I thank you very much.

Mr. BURTON. If you like, after we finish the first round, if there is time we will go ahead with a second round.

Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman. It is great to see our two former friends of this Committee serving in such important positions.

I do have a couple of questions and I will submit a few for the record. The first is on the issue of the upcoming U.N. human rights commission meeting in Geneva, and I see Lorne Craner is here and last year he, Ambassador Williamson, and others that I joined briefly for 3 days, they did in my view a very, very magnificent job in promoting a number of United States initiatives on human rights, whether it be on China or the issue of Cuba. And it was disconcerting, to say the least, because I, myself, met with 26 delegations while I was there, to find that among some of our Latin friends and colleagues there was less than enthusiastic support for the Cuba resolution.

I noted that although they are not a member this year of the U.N. human rights commission, Uruguay on March 1, former mayor and now President Vazquez restored diplomatic relations with Cuba on the very same day, March 1, that he was sworn in.

I think that sends a disconcerting message about where his proclivities and the government's proclivities are with regards to Castro's performance when it comes to human rights, especially in light of the crackdown of 2 years ago, which was another layer of outrage committed against the Cuban people when 75 plus people got long, or began the process of getting long prison sentences for espousing human rights and freedom.

So my question is: What is your take on Uruguay? Whether or not we will have our Latin friends joining us in rightfully condemning the ongoing heinous activities by Fidel Castro.

I mean more than anyone else, I would hope that the Latin countries would take the lead and I am very concerned and disappointed and dismayed by Spain's leadership in the opposite direction, vis-a-vis the EU, most recently in January, taking them down a different position when it comes to at least having some kind of sensor and penalty for Castro's outrageous behavior.

Secondly, on Haiti. Recently a new deployment of peacekeepers arrived. I believe they were mostly from Sri Lanka and my question is—especially in light of the revelations of late, they are not totally new, but they are given fresh amplification in the Congo where peacekeepers were complicit and actively engaging in crimes against little children and were involved with trafficking. What assurances do we have that those new peacekeepers, freshly deployed to Haiti, as well as the old ones, are adequately vetted and trained so that they don't become part of an exploitation scheme, not unlike what we saw in Congo?

Mr. NORIEGA. Mr. Chairman, if you don't mind, I will take Mr. Smith's second question first.

It is obviously the responsibility of the U.N. to monitor the conduct of people that are assigned to be peacekeepers or civilian monitors of the police, for example, but we respect your question and will have an opportunity to raise this with the leadership of the MINUSTAH mission in Haiti, the military commander, the civilian police coordinator, as well as the special representative of the Secretary General.

I will probably have an opportunity to visit with them personally in Haiti next week and will raise this, because this is not only a central question about morality and doing the right thing, but from their standpoint it is a question of discipline and whether their troops are behaving in a responsible way, but we will take a look at that.

At the Geneva meeting of the U.N. Commission on Human Rights, which is just set to begin, the United States will take a leadership role and, in this case, proffer a resolution on Cuba, directly sponsored by the United States.

We want and we really need the co-sponsorship, in particular, of our European and Latin friends, and others as well and we will work this very, very hard to get them to co-sponsor, to support and eventually to vote for this resolution in mid April, which will be a straightforward resolution, noting that the Cuban Government has systematically abused human rights and should be monitored by that commission.

It should not be so difficult to get a resolution on Cuba, which is one of the most notorious violators of human rights, certainly in this hemisphere and I would say in the world over time. It should not be that hard to get a resolution out of the U.N. Commission on Human Rights and part of that is the composition of the commission itself.

So then the question is: Why aren't some of our friends in Latin America and the Caribbean putting themselves forward as candidates for the commission and make Cuba compete for a seat on the commission in the first place?

A Commission of Human Rights should be a commission of firemen, not arsonists, and it is something that we are systematically dealing with, trying to get democracies to be more engaged in these human rights entities so that they can do a credible effective job.

Mr. FRANCO. Mr. Chairman, if I could just add something very quickly on the Cuba program, now that it has been brought up. I commend Chairman Smith for a wonderful hearing you held on the dissident movement in Cuba, the growing civil society democratic movement in Cuba.

The President has, under his Administration, more than tripled the assistance that the Congress has authorized under section 109, in terms of assistance to dissidence, the growing democratic movement within Cuba.

I think it was important when you held the hearing to hear from Cubans in Cuba themselves about the importance of the support, the moral support and the support we want to underscore at this hearing.

We don't provide any money to anyone in Cuba. We supply things that people need, like books, instruments to be able to disseminate a message within Cuba and create a growing democratic movement.

I want to just say that the President of the Cuban National Assembly, Mr. Alacone, for the first time referred to a Cuban opposition. So we will continue to nurture this as part of our human rights efforts and we are committed to continuing to support this growing democratic movement on the island.

Mr. BURTON. Thank you, Mr. Franco and Mr. Smith.

Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

As I read your statement, Mr. Secretary, it was very sobering, somewhat of a repetition of what we have known historically, in terms of our relationship with Latin America for the past several years and also somewhat encouraging in terms of what you hope to accomplish in your capacity as Assistant Secretary, at least for the next 4 years.

As I noted in my statement earlier, I have a very strong interest in dealing with the problems of indigenous inhabitants of the various countries in Latin America. It is my understanding that Mexico probably has the highest population of indigenous Indians. So does Peru, Guatemala, Brazil. And I don't think I need to share with you what has been written, not only through the media, but not only the abuse of human rights, problems dealing with the indigenous Indians of Latin America, but somehow as I read your statement and Mr. Franco's statement, nothing is ever mentioned about this issue.

I realize that maybe it is not very important, perhaps even in this Administration, but I am not casting anything in this Administration, I have said this also with the democratic Administration, but I would appreciate it if you could submit for the record and for my information the situation of the treatment, political, social, economic situation of the indigenous Indians throughout Latin America.

One thing that I am very happy to—as President Carter and I were in Peru and witnessing a democracy at its best I suppose in electing their first indigenous Inca Indian as President of that country, Mr. Toledo, but that doesn't take away the fact that my understanding even in a country like Peru, the indigenous inhabitants of that country are way below any consideration, as far as economic educational opportunities.

I suspect that is probably the same in other countries as well, but I will appreciate it if you could submit that for the record about the situation with the indigenous Indians, if you will.

I make that as a statement, but I have a question that I would like to raise with you, please. Mr. Menendez mentioned something about remittances. I would like to know what percentage of the economies—are a lot of these Latin American countries depending on remittances?

I don't think it needs to be said, if you are from Guatemala or even from Mexico, and the obvious reason why so many of the good people from those countries are here is for economic opportunities and many of these people, as you know, send money back home.

A good example—and I realize it is not in the Western Hemisphere, like in the Philippines, I think over a million Filipinos work all over the world and they send remittances in excess of \$10 billion to the Filipino economy, and I suspect that it is probably the same throughout Latin America and especially countries that are not as industrialized, I suppose you might say.

The question that I have, Mr. Secretary, it is my understanding that President Fox is going to be meeting with President Bush in their upcoming summit and, as you are well aware, there was a tremendous disappointment—at least if the media reporting has been accurate—that there is disappointment that after his initial meeting with President Bush, it is just like he disappeared from the scene.

I wanted to know, what are the expectations we are to see in this summit meeting with President Fox and President Bush, and what are some of the issues that you think, obviously immigration is so blatant, illegal, I mean the situation with the borders, situation with NAFTA?

I would like to ask your response about what is the Administration's expectation to accomplish in the meeting with President Fox coming up soon?

Mr. NORIEGA. Thank you, Mr. Faleomavaega. Tomorrow I will be traveling with Secretary Rice to Mexico as well and she will have an opportunity to see President Fox for the first time in her capacity as Secretary of State, to cover the very important bilateral agenda that we have with Mexico.

They often see the issues in terms of immigration, but it is important to note that this is our second largest trading partner. It is growing in a rapid way and we have important security concerns that are shared concerns on the border, on the well-being of our Mexican and United States citizens who live along the border. We think that cooperation with Mexico in the area of law enforcement, and controlling the border so that it is safe for honest commerce and legal crossings, will prevent the crossing of illicit activities or people that want to do us harm.

On that very important agenda, we count on the Mexicans for terrific levels of support and frankly under President Fox, it has been a very, very good record.

On March 23 the President will be meeting with his Mexican and Canadian counterparts to talk about North American immigration and what things we can do to break down barriers of commerce and to promote our common prosperity and security.

That, I think, will be a very helpful encounter and an opportunity to exchange views at the highest levels of our governments and to reaffirm our commitment to our shared security and prosperity in North America.

On the issue of indigenous people—and I know Adolfo Franco wants to address this point, by all means. It is very important that we consciously engage marginalized populations, whether it is Afro-Caribbeans in Colombia or people of indigenous background elsewhere in the hemisphere.

Our programs probably do that more than they ever have and it is a personal commitment of mine to expand that, because these

people, in addition to having the same rights as everyone else, should be able to enjoy those rights.

They are often exploited by people who want to use their muscle, the fact that they represent an important part of these populations, to destabilize governments for their own narrow interests and not for the interests of the indigenous people themselves.

It is very important that we find ways to integrate them into the normal political process so that they can have their voice heard and their needs addressed through the democratic institutions of the country.

A lot of countries in the hemisphere, leaders in this hemisphere respect and understand that they have to consciously reach out to these people and that is an important part of our strategy in the region.

Mr. FALDOMAVEGA. I know, Mr. Chairman, my time is up. If it is all right with the Chairman, I would appreciate if, for the record, they could submit the things that I have requested, with the Chairman's approval.

Mr. BURTON. No problem.

Mr. FALDOMAVEGA. I am strapped for time, Mr. Franco.

Mr. FRANCO. If I could, Congressman, better than that I would like to submit something for the record in writing.

Mr. FALDOMAVEGA. Please.

Mr. FRANCO. I would like an opportunity to brief you as well.

Mr. FALDOMAVEGA. Thank you.

Mr. FRANCO. I apologize, because the way we carry what we call spigots sometimes in our activities, we don't characterize this as indigenous per se, but for example in a country like Bolivia, the vast majority of our programs are directed to indigenous people, bilingual education, health programs. Those are the targets.

In Ecuador, we work with Coni, which is the indigenous people's federation and we work with an Afro-Colombia organization. We don't call it by that in the data we provide, but what is behind that I want an opportunity to brief you throughout the region the focus in terms of opportunities and access to justice, particularly health programs.

These are the most marginalized populations in the region and they are the focus and increasingly, as Secretary Noriega said, it has been the focus under this Administration.

In the case of Bolivia, I want to tell you that until I came onto this job, I was surprised when I arrived in Bolivia that many of our materials were only published in Spanish. We have corrected that as part of our outreach effort. We are supplying information through an indigenous language, education radio services throughout the countries. We want an opportunity to meet with you, provide you the data and also tell you about the specific incidents.

Mr. FALDOMAVEGA. Mr. Franco, I really appreciate it and I look forward to the briefing.

Thank you, Mr. Chairman.

Mr. BURTON. I am glad you were brief.

Mr. Delahunt?

Mr. DELAHUNT. Thank you, Mr. Chairman.

Let me direct my questions to Mr. Noriega, Secretary Noriega. You know, I think you have heard the concern echoed by just about

everyone, relative to the issue of disparity of income and disparity of wealth. I would phrase it differently: How much poverty and disparity can democracy sustain?

What comes to mind is a visit that I had from a labor leader in Guatemala, who reviewed and provided documentation to me to show there is a total failure on the part of the government to enforce full compliance with their tax laws.

I think it is clear that what we need, in terms of our bilateral and multilateral relationships, is if we are going to achieve a reduction in that disparity, if we are going to encourage investment in infrastructure and the social needs of the people in these various societies, everybody has to participate.

I think the Attorney General is still there from Colombia part of that debate—and I supported Plan Colombia, as I think you know, Mr. Secretary and I think you do too, Adolfo—but again, it was the American taxpayer that was bearing much of the burden for Plan Colombia, without an appropriate commitment on the part of individual taxpayers in Colombia.

I know the Administration is very much interested in CAFTA. There are all kinds of individuals here in the audience that I am sure that advocate on behalf of CAFTA. But until we see something from these governments, I think you will find many individuals in Congress that will be reluctant to support multilateral trade arrangements, until we start to see efforts on the part of these governments to insist that the revenues that some are enjoying be spread around in a fair and equitable fashion among their own society. So take that message on your next trip, if you would.

I want to also be clear about—I think you might have been looking at me when you talked about meddling. What is the position of the Administration in terms of an effort to influence elections in Latin America?

Mr. NORIEGA. On your first question and I will be brief, Mr. Chairman, I agree with you.

Mr. DELAHUNT. You could be brief, because I have got a bunch of questions I would like to ask you.

Mr. NORIEGA. Right. In that case, I won't be brief then. I will come and see you later, if you want.

I couldn't agree more with what you said about the disparity and I will be very frank. The Guatemalan State collects 8 percent of GDP. We collect about 23. Of course I am a Republican so I think that is too high. Mexico collects 15 percent GDP.

It is simply not possible to run a modern state that has the resources to apply the rules of the game, without fear of favor, in a transparent way, so that you have security for investment and normal economic activity and be able to get a judicial system where you can get a contract enforced.

It is just not possible to build a modern state with that low level of funding. Quite frankly, that is the way entrenched interests want it, because they are able to get what they want in their own way.

Mr. DELAHUNT. In other words, we are in agreement, Mr. Secretary.

Mr. NORIEGA. We agree. We see eye-to-eye in more than one way.

Mr. DELAHUNT. This is good. This is very positive.

Mr. NORIEGA. But let us be very clear that President Berger wants to change that.

Mr. DELAHUNT. I respect President Berger. Let me just go on the record. I have been impressed with what he has accomplished to date. I know the difficulties. I am disturbed, however, to see the Guatemalan Congress pass legislation that provides benefits for former paramilitary. I don't think that is a step in the right direction. Let me put that on the record.

Mr. NORIEGA. Also, we believe that part of the strategy for generating more economic opportunity is the CAFTA agreement and you will find this CAFTA agreement is as good as any one of these agreements has ever been on—

Mr. DELAHUNT. Mr. Secretary, if they want it bad enough, they will step up to the plate.

Mr. NORIEGA. Right.

Mr. DELAHUNT. They will do things that would in effect bring their societies into the modern era. Can you answer my question on elections?

Mr. NORIEGA. I am sure that we will be glad to visit with you also about the labor provisions of the CAFTA agreement, which will actually, I think, put them on the spot to enforce their laws.

On elections, I am meeting with Ambassadors who are going out to posts. I have been very clear that particularly with elections we have to watch what we say.

Mr. DELAHUNT. I hope that when I visit countries during elections that that statement is enforced, because that hasn't been the case, Mr. Secretary.

Mr. NORIEGA. Right. At the—

Mr. DELAHUNT. That has not been the case and I think it has hurt our national interests, in terms of what has occurred.

Mr. NORIEGA. At the same—

Mr. DELAHUNT. We all know what an Ambassador said in Bolivia and now we have a problem in Bolivia. Sometimes we create our own problems is the point that I want to make.

Mr. NORIEGA. At the same time, our Ambassadors are on the spot to answer questions and to speak clearly about U.S. principles and values and occasionally that is seen as an interference in internal affairs. Particularly in electoral contexts we have to be careful about that and I understand.

Mr. DELAHUNT. Mr. Secretary, I am talking about actually going out on the campaign trail. In Nicaragua, I shouldn't say this, but I would have voted for Enrique Bolanos, but I have to tell you something. It was embarrassing and disturbing to see the involvement of the American Embassy in that election process and that hurts us all over Latin America.

Mr. WELLER [presiding]. Mr. Secretary and Mr. Franco, I apologize for stepping in and out. Some days you find out how big this Capitol complex is, particularly when you have very important constituents saying they expect you to be at a meeting on the other side.

I apologize for missing some of the questions here, because this is an extremely important hearing and we appreciate your time and your participation here, as well as the good showing of Members we have today participating in this hearing.

Mr. Noriega, Bolivia is in a real crisis. The President threatened to resign. Congress rejected, as I understand it, his resignation letter, but his political future is in doubt.

The coca leader, Evo Morales, a member of the Bolivian Congress, is working to assume a greater leadership role in this country and I would just like, you know, to give the Subcommittee a better understanding as to who does Evo Morales truly represent?

What is his constituency that he is attempting to represent or working on behalf of, with the role that he is playing?

Mr. NORIEGA. I could tell you who I think he doesn't represent. I met with a Bolivian indigenous leader about 3 years ago, a very straightforward, serious guy. Not a political actor, but somebody who is very much a legitimate representative of his community, and I asked him a couple of questions about Evo Morales. Essentially I asked him this question: Who does he work for? He said, "Well you know Evo Morales, he is not from the Chapare. He is from this other area of the country, where he ought to be teaching people how to grow quinoa, not coca."

That was a very telling answer. The fact is, he should be helping his people grow grains, basic grains, not helping people in the Chapare grow coca and defending the rights of these people.

We have grave doubts about what his real intentions and real motives are and President Mesa very clearly had tried to work for a period of months to satisfy some of Morales' increasingly unacceptable demands, demands that were strangling the ability of President Mesa to govern and constraining the ability of the Congress to produce a viable hydrocarbons law that will let that very poor country take advantage of a natural resource, sell it in the market and use the proceeds to help the very poor people of Bolivia.

So he has this political agenda that is quite clearly intended to undermine democratic stability. President Mesa tried to deal with him as a political leader, but I think what is important about his speech, President Mesa's speech, where he said that he can't work with these people using political violence and street violence to blackmail the government, was that he named Evo Morales' as someone who is not dealing in a responsible way in contributing to solving the nation's problems.

President Mesa by naming names, I think, made the people in the country choose what their vision is for Bolivia's future.

Now I think today with the Congress not only rejecting his resignation, will also be agreeing to a pact on governability of the country that will make it define a work plan for the Congress and so the Executive Branch and the Congress can address the very pressing issues that Bolivia is confronting.

Mr. WELLER. As you know, this past August I was in Bolivia and had the opportunity to talk with small manufacturers and farmers and others whose ability to reach the export market and create jobs is being disrupted by the blockades.

Mr. NORIEGA. Precisely.

Mr. WELLER. It is clear that Mr. Morales is playing a key role organizing these blockades and roads and disrupting the ability of the economy to operate.

I think tying in with that question of who he truly represents is: Is Morales receiving any support from outside of Bolivia? Is there financial support supporting his movement that is coming from outside of Bolivia?

Mr. NORIEGA. We believe that some non-governmental organizations have been supporting his political party and his movement and including some, as we have alluded, Chairman Burton alluded to earlier, from Europe, that may with the best of intentions or maybe not such good intentions, be supporting Morales' political project.

He also has very close ties to the Bolivarian movement of President Chavez and that is a source of some concern, because that sort of outside support for people who are trying to undermine the democratic order really is unacceptable.

Mr. WELLER. You mentioned President Chavez and there is concern that has been raised regarding the Cuban presence of Venezuela, an estimated 20,000 Cubans now operating in Venezuela. Allegations that some of those may be members of the Cuban intelligence service maybe operating there.

What is your assessment of the presence of the Cuban intelligence network, its operations in all of Latin America and what is their ties to the various groups, perhaps even narco-trafficking or terrorist elements in Latin America?

Mr. NORIEGA. Well Mr. Chairman, some of this I would prefer to give to you in a closed session or in a secret briefing, because of the sensitivity of the information, but suffice it to say for this public session, if you will, that the Venezuelan internal security apparatus has become extraordinarily dependent on Cuban advisors.

I don't know about the number of personnel that are in the country, but in addition to doctors and nurses and people teaching reading, there are thousands of security personnel who are in Venezuela and have become an important part of the internal security apparatus in Venezuela in particular.

Mr. WELLER. Is the—

Mr. NORIEGA. Also—

Mr. WELLER. I was going to say the Cuban security presence, do any of their personnel play an administrative role? Do they have arrest powers within the country of—

Mr. NORIEGA. We are not aware that they are actually doing that, but they clearly have a management role and providing technical assistance as well.

Beyond Venezuela, incidentally, I think we should be very clear that the Cubans are very active in other capitals in the hemisphere and this is something that is increasingly apparent to our neighbors in the region.

We want to work with them in defining exactly what that level of involvement is, what these people are up to so that they can make decisions about their own internal security.

Mr. WELLER. Thank you, Mr. Secretary. I, of course, went over my 5 minutes. I apologize to my colleagues.

I would like to recognize next the gentlelady from California, Ms. Lee.

Ms. LEE. Thank you, Mr. Chairman and I just want to say, Mr. Secretary, this one comment. As you responded to the fact that Cu-

bans were in Venezuela, your response reminded me of the responses preceding the United States invasion of Grenada and the military action against Grenada.

I hope that this Administration recognizes that invading countries, based on our views of what they should be doing in terms of sovereign nations, is really very undemocratic and leads to more tensions, not reduced tensions and enhanced cooperation.

You say that you are against the U.N. and NGOs undermining democratically-elected governments, but you know and I know that the United States consistently undermined the democratically-elected Government of Haiti. In fact, the U.S. was involved in a very real way in the ouster of President Aristide. You know that and I know that and one day the truth will come out.

Now the human rights violations and the killings in Haiti that are taking place now are really appalling and I tell you, most of them are directed toward President Aristide's lavalas party members. Prime Minister Neptune is in prison right now for no reason. He is very frail. He is going through a hunger strike right now.

I hope you have read Tom Griffin's report on human rights in Haiti. One question I have is: What is the United States doing to disarm the rebels and the thugs?

Secondly, I just want to find out what you think about Guy Phillippe forming his own political party and now running for President and in fact, for the life of me I can't see how you don't believe that our policy toward Haiti is really backfiring.

Finally, let me just ask you about Colombia and the fact that Amnesty International and others have said that there are at least 3,600 Colombian individuals who have been killed or abused or have disappeared.

We know that previously—what is it called now?—the Western Hemisphere Institute for Security Cooperation, formerly the School of the Americas, we know that they have trained many of these individuals.

I am curious as to the tracking of the graduates of this, and I still call it the School of the Americas. What has happened to these people who have gone through this training? Do we know the type of training? What they are doing now?

What are we doing about the fact that so many Colombians have been killed and disappeared and of course have been indirectly killed as a result of some of the training that we have provided for these people?

Mr. NORIEGA. First off, ma'am, I am not aware of how non-governmental organizations were undermining, involved in the ouster of President—

Ms. LEE. I said the United States of America was involved in undermining the democratically-elected Government of President Aristide in Haiti. You said that you were against it in response to an earlier—

Mr. NORIEGA. I see.

Ms. LEE [continuing]. Question—

Mr. NORIEGA. Right.

Ms. LEE [continuing]. U.N., NGOs undermining democratically-elected governments and I am saying you—and I know the United States of America—has done that and continues to do that.

Mr. NORIEGA. I understand. I don't agree with that at all of course, and I do know a little bit about what we do to promote the rule of law and democracy in Haiti.

Ms. LEE. So you don't think we did anything to topple Aristide, in terms of the economic sanctions, in terms of withdrawing of funds, in terms of not allowing the bank loans to come forward, in terms of—

Mr. NORIEGA. I think that the responsibility for President Aristide's departure lies almost entirely with him.

Ms. LEE. So the United States did nothing to undermine his Presidency?

Mr. NORIEGA. The United States provided \$3 billion over a period of a decade to try to salvage President Aristide, in power most of the time.

Ms. LEE. So our hands were clean in that?

Mr. NORIEGA. We, as a matter of fact, I think saved his life. That is what we have done.

In Haiti, also in the case of Prime Minister Neptune, we are gravely concerned about his welfare and have consistently communicated with the interim government that they need to address this issue, even before the hunger strike. That he needs to face a judge or he needs to go free and that is something that the record will show has been a consistent message, and I think it is by all means time for that to happen, overdue as a matter of fact.

In the case of Guy Phillippe, he hasn't been charged with any crime, but we have grave doubts about his background and he has a track record that casts considerable doubt on whether he has been on the right side of the law and would therefore be someone who would be good for Haitian democracy.

We, in point of fact, are concerned that narco-traffickers will have an unwanted influence on the electoral process in Haiti. So we hope that that process unfolds and we are doing everything we can to make sure that that process unfolds in a transparent way, to provide support to democratic actors across the political spectrum, who want to be part of Haiti's future.

On Colombia, I should note that our support, in terms of a military justice system, the judicial reform in general, our work on accountability in terms of human rights records of people that are receiving United States support, our conditioning of assistance to Colombia on methodical, careful treatment of human rights cases is an integral part of our policy toward Colombia.

I think it is very important that it does and it remains so and I think Congress has played a very constructive role in that regard.

Mr. WELLER. Since we have a vote, I have one brief question after Mr. Meeks and then we will conclude this panel before we recess for the series of votes. It is expected we are going to have four votes here.

Mr. MEEKS. Let me just follow up briefly something similar to what Congresswoman Lee had indicated about not only the President of Haiti but the President of Venezuela.

We talked about democratically-elected government, that it was a coup and our lack of saying anything about a democratically-elected government being unseated. Of course the people again brought them back, but we were absolutely silent in that regard

and there has been innuendo that our hands may have been involved in that also.

Also as we talk about the policy toward Venezuela, you know oftentimes what I am hearing is Cuba coming up et cetera, and I know that Castro is dealing with a number of individuals throughout, as you have indicated, including other countries that we are working with. And I heard you talk about the policies, that you wished that Venezuela's neighbors would get involved, et cetera, as far as them having some interaction. Well, our policy toward Venezuela has been described either as an isolationist or antagonistic or nonexistent.

In fact, recently Senator Dodge said that maybe we should be able to find some common ground. I have, along with Mr. Delahunt and former Chair Cass Ballenger, spent a number of times and went to the elections. Me and Mr. Franco were there together watching the election and had the opportunity as a result, because one of the conditions in which I went was I wanted the opportunity to go talk to whomever I wanted to talk to. So I went to some of the richest areas of the country and some of the poorest areas to talk to the people and found that basically people are people.

Now Chavez has indicated and what we have done, Mr. Delahunt, myself, and Mr. Ballenger, was to try with the Boston Group to find some common ground, and we were able to sit people down from all sides to talk about common ground.

My question is: Does this Administration have a will to find some common ground? Let me throw out a suggestion, something that Mr. Faleomavaega indicated. President Chavez has indicated a desire to make sure that he takes care of the indigenous and African-Colombian and others within the Venezuelan society. If we—from what I have heard from you—are talking about that is what we want to do, maybe this is an area of common ground. And what, if anything, that the Administration is moving forward to so that we can have that common ground, keeping an understanding that Venezuela is still important to the United States of America.

That is my first question. What is going to be our policy in regards to Venezuela? That is number one and maybe we can find that there is a common ground, other than, or in addition to, oil trade and the conflict in Colombia and Somante.

Then in response also, talking about Afro-Latin Americans as well as indigenous individuals, will we—and I am interested in the same briefing, Mr. Franco, that you had promised. I am intrigued by it. But will the United States assist Latin American Governments in the creation of these inclusive policies? For example, will the United States fund OAS' Human Rights Commission special rapporteur for racial discrimination in Afro descendants?

Are we supporting President Uribe's initiative to provide security and economic development programs to Afro-Colombian populations, who are mostly impacted by the conflict?

I would like to know whether we are doing those things directly. And lastly, I know we are out of time, but lastly, you know for example with Haiti, the \$30 million which is proposed to be allocated for Haiti, I am wondering if any of that money is going to be utilized so that we can have an economic development assistance program in the agricultural areas or microenterprise small business

sectors, with the thought that such programs could be linked to disarmament programs ahead of the election, because I don't think you can have an election in Haiti, unless you have disarmament.

Mr. FRANCO. Just the latter ones, if I could, because they are going to be very, very quick and then I will let Secretary Noriega have the hard question of Venezuela.

On President Uribe and his commitment to Afro-Colombian projects, particularly in Chocó, Mr. Meeks, and I look forward to the briefing on it, absolutely we have had a \$3 million program in that area. It was initiated under this Administration, our program, last year.

I traveled to the region there with the Afro-Colombian region where we are. It is a conflict region with Mrs. Uribe and we are committed to expanding.

I met with the two governors in the predominantly Afro-Colombian regions of Colombia, which by the way in terms of Afro-Colombians, they make a huge percentage of the population. I believe it is 28 percent of the population of Colombia, as a whole.

So we are committed to expanding these efforts not only in Colombia, but elsewhere and I will provide those in details in writing and a briefing.

Thirty million dollars quickly for Haiti. That is with staff authority to give us more flexibility on the DA side to precisely respond to opportunities. It is not to have the money tied to what is called flavors of money that we can go into more detail, that tie our hands, for that flexibility.

We are committed to microenterprise development. We are committed to grassroots development and environmental programs and the coffee development program, mango programs, and then we look forward to really putting in a lot of the resources in those sectors and I can brief you of that as well.

Mr. MEEKS. Thank you.

Mr. WELLER. The time of the gentleman has expired. Before—

Mr. MEEKS. Venezuela.

Mr. MENENDEZ. Do you mind if I take a couple of minutes?

Mr. WELLER. Please.

Mr. MENENDEZ. I don't want to hold you up.

Mr. WELLER. We do have a vote on.

Mr. NORIEGA. I will be very quick about this then. President Chavez has, I think, at least a 6-year track record from which to judge him—not only by his rhetoric, but by his actions.

I will be very honest with you that I don't think the prospects for some sort of common ground are all that promising. As an example, we have sought a normal relationship and still do seek a normal relationship.

It is very difficult to do so when he uses, as a matter of course, very harsh rhetoric toward the United States and its leaders. He accused us recently of using mustard gas in Fallujah and that sort of outrageous comment, quite frankly, you don't see from virtually any other leader in the world.

So I think that in terms of investing a lot of time in building a positive relationship with him, I would encourage the Congress to keep those channels of communication open and one of the things

they should do is grant a meeting with our Ambassador on the ground.

Their foreign minister came to Washington and didn't even request a meeting with the State Department and when we asked them if he would see our Ambassador when he returned to Caracas, he said, "Yes." Of course that was 3 weeks ago and nothing has happened there and during the course of his presentation at the OAS. He accused the United States of trying to kill him.

So it would be an interesting conversation, in terms of trying to find common ground in light of those attitudes, which I think are in part to define himself in opposition to the United States and to get attention in the region.

But the fact is, our record shows that we can deal with governments across the political spectrum in a very fruitful, cordial, mutually beneficial way and we have demonstrated that. President Chavez is the exception that proves that rule, but they have to meet us halfway and he has done far from that.

Mr. WELLER. Mr. Secretary, we are very limited on time here as we have votes, but I would mention that this whole subject of our policy with Venezuela, which has been a long time friend of the United States, is the subject of a planned hearing by this Subcommittee and we look forward to hearing from the State Department on that.

In closing, I do want to mention that I firsthand have seen the good work that USAID is doing in Popayan with working to encourage coffee as an alternative crop. The decision of the Bush Administration to join the International Coffee Organization was a tremendous step forward in helping the coffee economy and we can't necessarily take credit, but coffee prices are up \$1.25 since that decision and because of your good work.

With that, I want to thank our panel. It was a very worthwhile, very productive hearing. We will reconvene this Subcommittee following the next three votes and we ask the second panel to be ready and Chairman Burton will be returning for the second panel.

Thank you again, Mr. Secretary and Mr. Franco.

[Whereupon, at 4:23 p.m., the Subcommittee meeting was recessed.]

Mr. WELLER. The hearing of the Western Hemisphere Subcommittee of the International Relations Committee is now reconvening and of course I want to thank my good friend from Massachusetts for being here to help us along.

We are now going to hear from our second panel. I want to thank each one of you for your patience this afternoon and I would briefly like to introduce each of you for the record.

Of course the order is in alphabetical order, in which you will also be testifying. Actually a different order, but I will be introducing you in alphabetical order.

First I will be introducing Lorne Craner. The Honorable Lorne Craner returned to the International Republican Institute as President on August 2, 2004, following his unanimous selection by the IRI's board of directors. Previously Mr. Craner was Assistant Secretary for Democracy, Human Rights and Labor for then-Secretary of State, Colin Powell.

Mr. Steve Johnson, a former State Department officer, has worked at the Bureaus of Inter-American Affairs and Public Affairs. He is a Senior Policy Analyst for Latin America at The Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation. In addition, Johnson analyzes counter-narcotics and counterterrorism policy in the Western Hemisphere.

Dr. Arturo Valenzuela is a Professor of Government and Director of the Center for Latin American Studies in the Edmund A. Walsh School of Foreign Service at Georgetown University. Prior to joining the Georgetown faculty, he was Professor of Political Science, Director of the Council of Latin American Studies at Duke University.

Our fourth panelist is Kenneth Wollack. Mr. Wollack is President, National Democratic Institute. He has been actively involved in foreign affairs, journalism and politics since 1972.

Gentlemen, if you would please rise. If I can ask the witnesses to please stand, raise your right hand and take the oath.

[Witnesses sworn.]

Mr. WELLER. I would ask our witnesses, recognizing the hour of the day and I understand two of you have additional meetings and you are under a little bit of time constraints, I ask each of you if you can try and limit your presentation and keep it within 5 minutes and of course with unanimous consent, we will insert your entire testimony for the record.

The order of witnesses will be we begin with Lorne Craner, Ken Wollack, Steve Johnson and Arturo Valenzuela.

**TESTIMONY OF THE HONORABLE LORNE W. CRANER,
PRESIDENT, INTERNATIONAL REPUBLICAN INSTITUTE**

Mr. CRANER. Mr. Vice Chairman, Members of the Committee, thank you for the opportunity to testify today. The topic of today's hearing, the State of Democracy in Latin America, resonates with those of us devoted to the advancement of democracy throughout the world.

Latin America has never been more democratic than it is today. In only two decades, the region has seen dictatorship give way to democracy and seen citizens, rather than soldiers, become the final arbiters of political outcomes.

As recently as 1977, Freedom House identified three electoral democracies in Latin America. Now, only Cuba and Haiti do not meet this standard.

The institutions of democracy, though imperfect, are for the most part in place in Latin America: Elections, parties, civil society, a free press. The spread of democracy has fostered improved relations with the United States.

Despite these accomplishments, Latin Americans are disappointed, because their expectations of democracy have not been met. According to the Chilean firm Latinobarametro, only 25 percent of Latin Americans are satisfied with the ability of democratic governments to solve economic, political and social problems.

The same poll suggests that a large percentage of Latin Americans would accept an alternative form of government to democracy, if it were to improve their well-being.

Why the general dissatisfaction with democracy? First, as Roger Noriega pointed out, democracy is incomplete throughout the region. The Freedom House 2005 *Freedom in the World Report* points out that 11 countries in the region have not achieved sufficient progress in political rights and civil liberties to be rated free. Among those that do, only a handful received a perfect score. This democracy deficit needs to improve.

However, these indicators suggest that the most compelling and immediate concern of citizens do not relate to freedoms or democratic rights. They relate to the failure of elected leaders to meet the needs of citizens.

In countries where majorities live in or are on the brink of poverty, where job creation is stagnant, health care and education are elusive, crime is pervasive and where disparities between the privileged and the poor are so pronounced, democracy for many is seen as a competing option among others.

IRI (International Republican Institute) has been active throughout the region working with political parties and civil society groups. Our message to parties is that the best marketing strategy for a party is not just a good message, but good governance.

IRI is retooling its Latin American programs, evolving it from a focus on developing capacity within parties to compete in elections to programs designed to develop leaders and organizations capable of translating the promise of an effective campaign into effective governance.

Parties need to present realistic policy options in the political marketplace and enjoy the leadership and expertise to implement policy, if elected to serve.

My written testimony reviews the state of democracy in Bolivia, Ecuador, Peru, Colombia, Venezuela, Nicaragua, El Salvador, Haiti and Cuba.

In the interest of brevity, let me just say that the political landscape 2 years from now is likely to be dramatically different than what we see today.

Over the next 2 years, Presidential elections will take place in Brazil, Chile, Peru, Colombia, Venezuela, Nicaragua and Mexico.

Against this backdrop, the key to engagement in the region is to support democracy and strengthen democratic institutions. We must emphasize to democratic leaders the need to achieve objectives spelled out in campaigns.

By helping leaders articulate genuine reform to voters, develop consensus and match expectations with reality, we have the best chance to assure that Latin America's democratic gains over the last two decades will translate into concrete improvements to the lives of its people and improve prosperity and security for all of us.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Craner follows:]

PREPARED STATEMENT OF THE HONORABLE LORNE W. CRANER, PRESIDENT,
INTERNATIONAL REPUBLICAN INSTITUTE

Mr. Chairman, members of the Committee, thank you for the opportunity to testify today. The topic of today's hearing, "The State of Democracy in Latin America", resonates with those of us devoted to the advancement of democracy throughout the world. Chairman Burton, we are appreciative of your commitment to democracy and

human rights everywhere. We very much look forward to your stewardship of this subcommittee.

A Regional Overview: Latin America's Democratic Revolution and Today's Challenge

Latin America has never been more democratic than it is today. In only two decades, the region has seen dictatorship give way to democracy and seen citizens, rather than soldiers, become the final arbiters of political outcomes. As recently as 1977, Freedom House identified three electoral democracies in Latin America. Now, only Cuba and Haiti do not meet this standard. As observers and policymakers express their concern over the state of democracy in the region today, it is important to note how far Latin America has come in so short a time. Let us recall Mexico's break with over seven decades of one-party rule, El Salvador's steady progress since peace and democracy replaced civil war, and Chile's ability to boast of not only the region's most successful economy, but a robust democracy and newfound respect for human rights.

The spread of democracy in the region has fostered improved relations with the United States and increased opportunities for regional cooperation on critical issues like trade, security, immigration, and human rights. Today's challenge is to tap into the opportunities unleashed by the region's democratic opening in order to improve the human condition of its citizens.

As we witness democracy's progress in Iraq and Afghanistan, we are reminded of the significance of allowing citizens to elect their own leaders in places where they have not done so before. We are also reminded that this revolutionary act can precipitate democracy and freedom, but is not an end in itself. For the most part, Latin Americans enjoy the ability to openly support a particular political option, to vote, and to engage in a civil society that allows citizens demands and opinions to be freely vetted.

Despite these accomplishments, Latin Americans are disappointed because their expectations of democracy have not been met. According to the Chilean polling firm Latinobametro, only 29 percent of Latin Americans are satisfied with the ability of democratic governments to solve economic, political, and social problems. Remarkably, that figure is only seven percent in Peru, suggesting that democracy polls only as favorable as the elected head of state in that country. The same poll suggests that a large percentage of Latin Americans would accept an alternative form of government to democracy if it were to improve their material well-being. These figures are alarming, but they should not be surprising. In countries where majorities live in or on the brink of poverty, where job creation is stagnant, health care and education are elusive, crime is pervasive, and where disparities between the privileged and the poor are so pronounced, democracy for many is seen as one competing option among others.

The state of democracy in Latin America is a decidedly mixed bag. Citizens are expressing their skepticism over the relationship between democracy and their ability to provide an adequate standard of living for their families. At the same time, a robust and energetic civil society freely challenges policies and leaders. Political parties proliferate offering platforms that cross the ideological spectrum. In many countries in the region, electoral laws are designed to ensure transparency and competitiveness. Elections in countries like Guatemala and Peru are referred to by citizens as "fiestas cívicas," or "civic holidays"—a testimony to the degree to which Latins celebrate their democratic rights.

The institutions of democracy, though imperfect, are for the most part in place in Latin America: elections, political parties, civil society, a free press—many of the institutions and practices that groups like the International Republican Institute (IRI) and the National Democratic Institute (NDI) promote and develop throughout the globe play a vital role in channeling citizen demands in the hemisphere. Why then the general disaffection with democracy? First, democracy is incomplete in the region. The Freedom House 2005 *Freedom in the World Report* points out that 11 countries in the region have not achieved sufficient progress in political rights and civil liberties to be rated "free," and among those that do, only a handful received a perfect score. This democracy deficit needs to improve so Latin Americans can enjoy all of their rights and privileges. However, these indicators suggest that the most compelling and immediate concerns of citizens do not relate to freedoms or democratic rights—they relate to the failure of elected leaders to meet the needs of citizens.

IRI in Latin America

IRI is active throughout the region working with political parties and civil society groups. Our message to political parties is that the best marketing strategy for a party is not just good message but good governance. The fundamentals of running

an effective campaign or training party faithful to monitor election sites are important activities that should be complemented by an equal commitment to developing capable leaders who understand and articulate sound policies. IRI is retooling its Latin America program—evolving it from a focus on developing capacity within parties to compete in elections to programs designed to develop leaders and organizations capable of translating the promise of an effective campaign into effective governance. Parties need to present realistic policy options into the political marketplace and enjoy the leadership and expertise to implement policy if elected to serve.

The Andes

Elections need to mean more to citizens than simply setting up the next straw man. In the Andes, democratically-elected presidents have lost legitimacy after only months in power. The ability of sectors to mobilize for or against a policy or leader has been greater than the ability of governments to respond. Policy decisions made under duress to quell mobilized and sometimes violent groups have left leaders like Peru's President Toledo between a rock and a hard place and forced the resignation of two consecutive heads of state in Bolivia. "Do I do what I know is right and risk chaos, or do I capitulate to mob rule?" In the Andes today, this question is often posed as a zero sum game.

Historically neglected indigenous peoples in Bolivia, Ecuador, and Peru are claiming a stake on their political and economic fortunes. Democracy and economic integration have provided the impetus for a new indigenous nationalism in the region that seeks to restore political relevance to long-ignored populations. The rekindled political energy in the region by its original inhabitants should be seen as a positive sign. That it manifests itself in sometimes anti-systemic behavior is troubling. By developing democratic systems capable of responding to these demands in a meaningful way and educating citizens over their rights and responsibilities, we can hope to release some of the pressure that today threatens democracy and stability.

In Colombia, a popular and effective president has the opportunity to work toward a consensus over the need to combat insurgency and criminality while promoting human rights and economic growth. Channeling the aspirations of the Colombian people toward an enduring political project that goes beyond the figure of an individual presidency is a challenge and an imperative to which IRI is fully committed.

Venezuela is at the eye of the storm over the direction of democracy in Latin America. The debate over what form democracy should ultimately take in the region has one of its most vocal and influential protagonists in President Hugo Chavez. Political space needs to be open in Venezuela and confidence must be restored in that country's courts and electoral authorities. The only peaceful and constructive way to break the impasse in Venezuela and restore civility to the political discourse is by enabling an open debate through a healthy and open democratic process.

Central America

Central America perhaps best epitomizes Latin America's transformation. A region beset by proxy ideological confrontations and civil war during the 1970s and 80s, Central America is now peaceful and democratic. Two former cold war battlegrounds present different versions of what the future holds for Central America. In Nicaragua, reformers and democrats are struggling to wrest power away from corrupt autocrats controlling the two dominant political parties. President Bolaños continues to confront corruption and promote economic reform.

In El Salvador, consecutive reformist governments have laid the foundation for a genuine success story—but Salvadorans lack a healthy alternative to the governing party. While the ARENA has modernized and adjusted to contemporary reality, the Salvadoran left remains mired in the ideological battles of the past.

But compared to 15 years ago, the situation on the isthmus is dramatically improved. Peace accords have been implemented, former insurgent groups now form political parties, and expanded trade opportunities offer the potential for jobs and enhanced prosperity.

The Caribbean

If Central America exemplifies the progress that Latin American countries have made in recent years, Haiti is a reminder that progress toward democracy is never inevitable. Arturo Valenzuela of Georgetown University, in a recent *Journal of Democracy* article calls this phenomenon "interrupted democracy." Today in the Western Hemisphere, an elected government rules every country except Cuba and Haiti.

Haitian institutions are weak, and the personalities that have dominated national politics have been strong—which is a terrible combination.

In the near term, Haiti's electoral system is the institution most in need of international support. In each of Haiti's last four elections—two in 1995, and one each in 1997 and 2000—political manipulation and poor technical management caused a

breakdown in the electoral system and in turn, led to contested outcomes. Since 1990, the United States has provided more than \$100 million in technical assistance to Haiti to support an electoral process that has yet to deliver a free and fair election. Haiti's Provisional Electoral Commission has produced an electoral calendar detailing each step leading to the local municipal elections in October, and legislative and presidential elections in November 2005.

A number of us have been critical of the state of democracy in Haiti these last 10 years. We now have an opportunity and a responsibility to help Haitians gain a better life, and we will meet that responsibility.

The development of a new generation of political parties and leaders who campaign on issues—and not on the strength of personality—is as important as well-administered elections for Haiti's future. IRI's Haiti program is anchored by democratic political party training and leadership development among women and young people.

Cuba remains a totalitarian state. Indeed, its dictator has recently announced a series of measures designed to reign in the few vestiges of freedom on the island. He has gone so far as specifying to employees at Cuba's beach resorts to refrain from interaction with foreign guests. Castro's apartheid-style tyranny is being challenged by a homegrown democracy movement made up of courageous dissidents. IRI will continue to express its solidarity with these leaders who face imprisonment and intimidation for their efforts to bring liberty to Cuba.

At a House hearing held just last week, Cuban dissident, Felix Bonne, was asked by New Jersey Congressman, Bob Menendez, if he feared additional persecution for testifying to the Committee. He responded, from Havana: "I am simply a soldier of liberty and democracy." He added that he is "prepared to return to jail to defend the interests of the Cuban people." We need to be prepared to support Mr. Bonne and Cuba's democrats.

Conclusion

The political landscape two years from now is likely to be dramatically different than what we see today. Over the next two years, Presidential elections will take place in Brazil, Chile, Peru, Colombia, Venezuela, Nicaragua, and Mexico. Against this backdrop, the key to IRI's engagement in the region is to support democrats and strengthen democratic institutions. IRI emphasizes the need to support the ability of democratic leaders to achieve objectives spelled out in campaigns. By helping leaders articulate genuine reforms to voters, develop consensus, and match expectations with reality, we have the best chance to assure that Latin America's democratic gains made over the past two decades will translate into concrete improvement to the lives of its people and improved prosperity and security for all of us.

Thank you Mr. Chairman.

Mr. BURTON [presiding]. Thank you, Mr. Craner.

Mr. Wollack?

TESTIMONY OF MR. KENNETH WOLLACK, PRESIDENT, NATIONAL DEMOCRATIC INSTITUTE

Mr. WOLLACK. Mr. Chairman and Members of the Subcommittee, I am pleased to have the opportunity to speak about the challenges facing democracy in Latin America and the Caribbean.

NDI (National Democratic Institute) has been working with political party leaders, civic leaders and activists for more than two decades to assist their efforts to advance democracy in the region, and I appreciate the chance to highlight both the achievements and the troubling trends in the hemisphere.

As has been noted by the previous witnesses, in recent decades Latin America and the Caribbean nations have seen historic democratic progress. The wave of democracy has swept the region. Thirty-two countries in the hemisphere regularly elect leaders and enjoy basic democratic rights, Cuba being the only exception.

Latin American countries have also committed themselves to collectively protect democracy through the Democratic Charter of the Organization of American States (OAS). Public opinion polls show the majority of Latin Americans support democracy.

Despite these advances, there is real concern that democracy is in danger of being rolled back as occurred earlier in the 19th and 20th centuries.

This reversal could lead to a return to fatally flawed elections, leaders with authoritarian tendencies, increased violations of human rights and compromised democratic institutions, including legislatures and the courts. These reversals represent direct challenges to shared United States and Latin American values and interests.

In this respect, one issue that unites Latin Americans is their disenchantment with political parties, which have the lowest levels of public confidence of any institution in the region, about 18 percent, trailing the church, the military, television, police, judiciary and the Congress.

Political parties are viewed as corrupt, out of touch with citizens and personalistic. Parties are seen as failing to represent the needs and aspirations of large sectors of society, especially youth, women and indigenous communities.

The failure of parties to address popular needs, particularly in closing the divide between the rich and the poor, the greatest gap of any region in the world, has led to a popular backlash that is undermining democracy.

Large segments of populations are venting their frustration with parties by removing democratically-elected Presidents at the expense of democratic institutions.

Despite the importance of parties to democratic development, in recent years it has been civic organizations and state institutions that have received the bulk of democracy assistance from international financial institutions and donor aid agencies. The international development community has buttressed civic groups and assisted their rise. This has been a good and necessary endeavor.

At the same time, there is a danger in focusing almost exclusively on civil society development and state institutions. Civil society activism, without effective political institutions, quickly creates a vacuum. It sows opportunities for populists and demagogues who seek to emasculate parties and legislatures, which must serve as the intermediaries between the state and citizens and therefore are the cornerstones of representative democracy.

This dangerous trend has already been seen in several countries in the Andean region, including Bolivia, Ecuador and Venezuela.

The international community should take action in several ways. First, efforts must be made to build, sustain and renew political parties that match our efforts to support civil society.

Second, efforts must be made to better understand and address the incentives that affect the interest and ability of party leaders to launch reform efforts, especially the need to develop effective policy platforms that address the issue of poverty, a leading cause of popular frustration with political parties.

As noted, unless parties have incentives for reform, Latin American societies will be tempted to support populists who appeal to the poor and the disenfranchised.

In this respect, my full statement refers to a recent NDI study in Bolivia, which sheds light on the factors that affect the ability of political parties to reform. The study found that reform efforts

can be influenced from many directions, ranging from the prescriptions of international financial institutions to the lack of basic civic education.

Third, the international community must be increasingly engaged in protecting the integrity of elections. In some nations the weaknesses of political parties have led to the erosion of the independence of democratic institutions. In some instances, election authorities and courts are being used for partisan ends, threatening the minimum but essential requirement for democracy, fair elections.

The independence of authorities administering elections slated for 2005, 2006 and 2007, in such countries as Venezuela and Nicaragua, is already being called into question.

Finally, the Democratic Charter represented a watershed in expanding the response to possible threats to democracy. This agreement allows OAS member states to look beyond coup d'états to respond to insidious systematic efforts to erode key democratic institutions.

Although the existence of the Democratic Charter has likely had a deterrent effect, a series of anti-democratic events have nonetheless occurred in countries, such as Venezuela, Ecuador, Nicaragua and Haiti, where the charter has not been invoked. These omissions raise the issue of whether the trigger mechanisms of the Democratic Charter need to be revisited to ensure that the OAS plays an effective role as a defender of democracy in the region.

In conclusion, international engagement and resources will be critical to support political development and stand in solidarity with those striving to strengthen democratic institutions and practices.

Without this support, democratic gains in the hemisphere will be in jeopardy. Experience has taught us that an investment in consolidating democracy is far more cost effective than responding to crises once they occur.

Thank you.

[The prepared statement of Mr. Wollack follows:]

PREPARED STATEMENT OF MR. KENNETH WOLLACK, PRESIDENT, NATIONAL
DEMOCRATIC INSTITUTE

Mr. Chairman and members of the Subcommittee, on behalf of the National Democratic Institute, I am pleased to have the opportunity to speak about the challenges facing democracy in Latin America and the Caribbean. NDI has been working with political and civic leaders for more than two decades to assist their efforts to advance democracy in the region. I appreciate the chance to highlight both achievements and troubling trends in the hemisphere.

In recent decades, Latin America and the Caribbean nations have seen historic democratic progress. A wave of democracy has swept the region. Thirty-two countries in the hemisphere regularly elect leaders and enjoy basic democratic rights—Cuba being the only exception. Latin American countries have also committed themselves to collectively protect democracy through the Democratic Charter of the Organization of American States (OAS). Public opinion surveys show that a majority of Latin Americans support democracy.

Despite these advances, there is real concern that democracy is in danger of being rolled back as occurred earlier in the 19th and 20th centuries. This reversal could lead to a return to fatally flawed elections, leaders with authoritarian tendencies, increased violations of human rights, and compromised democratic institutions including legislatures and courts. These reversals represent direct challenges to shared U.S. and Latin American values and interests. Because of the unique geographic, social and economic ties between the U.S. and Latin America and Carib-

bean nations, the erosion of democracy can have a profound impact on drug trafficking, security, human rights, economic growth and immigration. Other issues of mutual concern include the \$150 billion in exports that go to the region—some 20 percent of total U.S. exports—as well as one-third of the U.S. foreign oil imports.¹

The failure of political leadership in certain countries is one of the root causes of the “u-turn” in democracy that is leaving social and economic instability in its wake. In recent years, political parties and leaders that brought about democratic transitions in the region are having difficulty in governing and meeting popular expectations that democracy would improve the standard of living. President Alejandro Toledo is an example—a Peruvian reformer who overcame the fraud and corruption of authoritarian president Alberto Fujimori only to struggle with a public approval rating that has sunk as low as 7 percent despite his leading the country to record economic growth. His sometimes single-digit support reflects in large measure a perceived failure to improve the economic conditions of most Peruvians and address allegations of corruption. Alarming, surveys indicate that if Fujimori were able to run again he would likely end up being one of the top two candidates in the 2006 presidential election.

In this respect, one issue that unites Latin Americans is their disenchantment with political parties, which have the lowest levels of public confidence of any institution in the region—about 18 percent—trailing the Church, military, television, police, judiciary, and the Congress.² Political parties are viewed as corrupt, out-of-touch with citizens and personalistic. Parties are seen as failing to represent the needs and aspirations of large sectors of society especially youth, women and indigenous communities.

The failure of parties to address popular needs—particularly in closing the divide between the rich and the poor, the greatest gap of any region in the world—has led to a popular backlash that is undermining democracy. Large segments of populations are venting their frustration with parties by removing democratically elected presidents at the expense of democratic institutions. Since 1990, some 11 Latin American heads of state have resigned or been impeached before the conclusion of their term of office.³

Just last Sunday, President Carlos Mesa offered his resignation to the Bolivian Congress in response to continued street protests and road blocks threatening to paralyze the country. Mesa came into office some 15 months ago in the wake of the 2003 resignation of President Gonzalo Sanchez de Lozada. Mesa’s offer to step aside epitomizes the challenge of managing mounting public frustration with the gap between the rich and poor. Mesa has faced a difficult time advancing policies in light of the efforts of populist leaders to further their own agendas by tapping into popular dissatisfaction with economic conditions.

Despite the importance of parties to democratic development, in recent years it has been civic organizations and state institutions that have received the bulk of democracy assistance from international financial institutions and donor aid agencies. The international development community has buttressed civic groups and assisted their rise. This is a good and necessary endeavor; NDI has participated in many such initiatives and continues to do so.

At the same time, there is a danger in focusing almost exclusively on civil society development and state institutions. Civil society activism without effective political institutions quickly creates a vacuum. It sows opportunities for populists and demagogues who seek to emasculate parties and legislatures, which must serve as the intermediaries between the state and citizens and, therefore, are the cornerstones of representative democracy. This dangerous trend has already been seen in several countries in the Andean region—including Bolivia, Ecuador and Venezuela.

The international community should take action in several ways. First, efforts must be made to build, sustain, and renew political parties that match our efforts to support civil society. Over the past several years, there has been some encouraging recognition of the need to support political party development. The OAS Democratic Charter affirms that the “strengthening of political parties is a priority for democracy.” Unfortunately, for the most part, organizations and institutions that have the commitment and expertise to underpin and promote these initiatives lack adequate resources. In this regard, USAID and the State Department’s Bureau for Democracy, Human Rights and Labor have long recognized the importance of political party development, being two of the few governmental entities to do so. NDI

¹*Agenda for the Americas*. Inter American Dialogue, March 2005, p. 3.

²*Latinbarometro*

³Washington Post, “Tunnel Vision on Corruption,” editorial by Moises Naim, February 20, 2005.

greatly appreciates their support of programs that seek to strengthen and reform parties in the hemisphere.

Efforts to encourage reform must recognize that the problems facing political parties developed over decades. These challenges will not be resolved overnight. A long-term, multi-year approach will be needed much in the way HIV/AIDs or judicial reform initiatives are undertaken. This approach will be particularly important in countries like Haiti where parties need to develop clear platforms and organizational structures that reach far beyond Port-Au-Prince to better represent all citizens. Efforts to help parties modernize should also focus on the areas of internal democracy, transparency and ethics and outreach to sectors of society that are increasingly on the margins of political life. Parties must be helped to undertake profound reforms in these areas that go beyond campaign rhetoric.

Second, efforts must be made to better understand and address the incentives that affect the interest and ability of party leaders to launch reform efforts—especially the need to develop effective policy platforms that address the issue of poverty—a leading cause of popular frustration with parties. As noted, unless parties have incentives for reform, Latin American societies will be tempted to support populists who appeal to the poor and disenfranchised.

In this respect, NDI recently conducted a study in Bolivia with the support of the British aid agency, DFID, which sheds light on the factors that affect the ability of political parties to reform. The study found that reform efforts can be influenced from many directions ranging from the prescriptions of international financial institutions to the lack of basic civics education. For example, the study found that:

- Because much of the country's economic agenda is financed and negotiated by the international community, many Bolivians perceive programs that address poverty as mandated from abroad. Parties do not believe they have control over real fiscal decisions and as a result do not develop policies to fight poverty. They assume that national poverty strategies will be determined by the international community rather than through a competition of ideas—such as an election campaign.
- Parties do not believe that the ability to form sound policies will affect their performance at the ballot box. Investing in policy development does not seem to be a worthwhile expenditure. As one Bolivian who was interviewed said: "People are used to the idea that parties don't have policy platforms."

Third, the international community must be increasingly engaged in protecting the integrity of elections. In some nations, the weaknesses of political parties have led to the erosion of the independence of democratic institutions. In some instances, election authorities and courts are being used for partisan ends, threatening the minimum but essential requirement for democracy—fair elections. The independence of authorities administering elections slated for 2005, 2006 and 2007 in such countries as Venezuela and Nicaragua, is already being called into question.

The international community must be engaged early in these countries to help ensure that all aspects of the electoral process including the election law, election authorities, voter registry, media access and campaign spending meet international standards. Political support should also be provided to national election observers so that they can closely monitor the entire election period. In addition, the international community should avoid the perception of taking sides in elections and trying to influence the outcome of the vote. Without these actions, there is a genuine risk that historic advances in free and fair elections may be reversed.

Finally, the Democratic Charter has further consolidated Latin America's position as a regional leader in efforts to collectively defend democracy by building on the historic 1991 Santiago Declaration (Resolution 1080). NDI was pleased to present the OAS and former Secretary General Gavira with its 2002 W. Averell Harriman Democracy Award in recognition of this progress as well as the organization's important work in safeguarding human rights in the region.

The Democratic Charter represented a watershed in expanding the response to possible threats to democracy. This agreement allows OAS member states to look beyond coup de etats to respond to insidious, systematic efforts to erode key democratic institutions. Although the existence of the Democratic Charter has likely had a deterrent effect, a series of anti-democratic events have nonetheless occurred in countries such as Venezuela, Ecuador, Nicaragua and Haiti where the Charter has not been invoked. These omissions raise the issue of whether the trigger mechanisms of the Democratic Charter need to be revisited to ensure that the OAS plays an effective role as a defender of democracy in the region.

In conclusion, international engagement and resources will be critical to support political development and stand in solidarity with those striving to strengthen democratic institutions and practices. Without this support, democratic gains in the

hemisphere will be in jeopardy. Experience has taught us that an investment in consolidating democracy is far more cost-effective than responding to crises once they occur.

I would also like to take this opportunity to highlight several countries that are grappling with the issues I have described.

Cuba

After more than 40 years of repression by Fidel Castro's government, an unprecedented grassroots democracy movement is gaining strength in Cuba. Known as the Varela Project, the initiative calls for a referendum on political, economic and civil liberties by drawing upon a constitutional provision that enables citizens to introduce legislation when accompanied by 10,000 signatures. The Project has planted the seeds of a genuine grassroots democracy movement. For the first time, calls on the island for peaceful political change are not emanating solely from a handful of courageous individuals whose appeals could be dismissed by the Cuban government, but from tens of thousands of ordinary citizens. In seeking to expand freedom through peaceful and legal means, the Varela Project has broken the culture of fear that has permeated Cuban society for decades.

Achieving unprecedented success in political organizing in Cuba, Oswaldo Payá and other Varela Project leaders were able to collect and verify 11,020 signatures, which they submitted to the Cuban National Assembly on May 10, 2002. In January 2003, the Cuban legislature rejected the Varela Project, claiming it "went against the very foundation of the constitution." To further crush the Project, beginning on March 18, 2003 the Cuban government arrested, summarily tried and jailed 75 civil society leaders in Cuba, including independent journalists, librarians and trade unionists. More than half were Varela Project organizers. Despite the repression, Payá and other project leaders collected and submitted an additional 14,384 signatures to the National Assembly in October, bringing the total number of signatures to 25,404. Even though the National Assembly rejected the Varela Project, Payá and his organizers continue to exercise their constitutional right by collecting signatures in support of a peaceful democratic change in Cuba.

Most recently, Oswaldo Payá invited all Cubans to take part in a National Dialogue on a peaceful democratic transition in Cuba. Payá seeks to develop a plan for a transition designed and directed by all Cubans—from political prisoners to members of the government. As a starting point for discussion, he prepared a 100-page working document covering issues ranging from calls for multiparty democracy, freedom for political prisoners, the return of exiles, privatizing much of the economy and preserving Cuba's free education and health care system. After incorporating feedback from discussion groups held around the island and in Cuban exile communities abroad, the working document will be submitted to the Cuban National Assembly with calls for a referendum on the plan. Payá anticipates that an inclusive dialogue process will play an important role in helping to educate all Cubans on transition issues and increase pressure for change.

For his efforts at promoting peaceful change in Cuba, Payá received the 2003 Sakharov Prize for Freedom of Thought from the European Parliament and NDI's 2002 Averell Harriman Democracy Award. He was also nominated in 2003 by former Czech President Vaclav Havel for a Nobel Peace Prize. Payá reiterated that international attention on his efforts has protected him from being jailed, unlike his 50 colleagues who were arrested in March 2003, which he calls "The Cuban Spring." As Payá said in an NDI documentary on the Varela Project "In Cuba, there is hope for change . . . democracy is for everyone. It can be born in any environment, in any culture, in any race, out of any ideology—as long as there is respect for human dignity."

The unparalleled success of the Varela Project in mobilizing a grassroots effort for reform provides an important message—that democratic change is beginning in Cuba and it will come in large measure from the island itself. It is critical that the international community stand with the Varela Project organizers, opposition leaders and thousands of average citizens who are struggling against tremendous odds for their fundamental political and human rights.

Peru

After more than a decade of authoritarian government under Alberto Fujimori, Peru is working to rebuild its democratic institutions and reinstitute the rule of law. The election of Alejandro Toledo in 2001 raised high expectations among Peruvians for political and economic reform. However, a combination of weak institutions, low public confidence in the political class and governability challenges has made it difficult for the Toledo administration to meet these expectations. Shortly after assuming office, the Toledo government fostered the creation of an *Acuerdo Nacional* (Na-

tional Agreement), which included many of Peru's key political and civil society leaders. The "road map" that its participants outlined provides an important consensus-based reform agenda. In 2003, the Peruvian congress passed a progressive political party law that seeks to help parties enhance internal transparency and democracy.

Despite these advances, the Toledo administration has had difficulty in governing. These problems are due in part to the weak structures of political parties, which have made implementing policy reforms difficult and popular expectations for his administration. Despite high levels of macroeconomic growth, the standard of living is not commonly perceived to have improved for the average citizen and unemployment continues to be the principle challenge facing the country. Popular dissatisfaction with the economy has also been exacerbated by a series of ethics scandals allegedly linked to the government.

Moreover, the backdrop for the 2006 presidential elections is increasingly worrisome. Political parties are fragmented and in public opinion studies a significant percentage of Peruvians indicate they would sacrifice democracy for a system that would generate work, improve the general economy and reduce crime (the highest percentage of any country in the Andean region.) In addition, surveys indicate that if Fujimori were able to run again, he would likely be one of the top two candidates in a presidential election. Compounding these concerns are small but growing signs of the reemergence of the guerrilla group Sendero Luminoso, ominously believed to be funded by drug traffickers. Incidents of social unrest have also occurred in 50 distinct areas of the country—including calls for regional autonomy. President Toledo is now promoting an initiative to provide direct subsidies to the poor, the "ProPeru" plan, to counter the challenge by spreading the benefits of high economic growth.

As these disturbing trends indicate, many Peruvians are concerned that historic democratic advances may be rolled back and that future elections may be plagued by irregularities and bring a return to authoritarian government. In the months to come, it will be critical to continue to help political parties develop the organizational structures and policy platforms that will enable them to reengage voters and better represent their needs—particularly in job creation and poverty alleviation.

Venezuela

Once considered a stable democracy, Venezuelan society is now deeply divided and locked in a volatile political stalemate. The current impasse is rooted in the failures and decline of traditional political parties and the erosion of democratic institutions that has taken place during the presidency of former coup leader Hugo Chavez. Unless the current deadlock between opponents and supporters of President Chavez is resolved, Venezuela could be facing more economic hardship and a downward spiral of political instability.

As noted by such respected organizations as the Inter-American Commission on Human Rights, fundamental rights and democratic institutions in Venezuela are being undermined. In this respect, efforts to exert government control over key institutions such as the media, military, judiciary, and electoral authorities is deeply troubling. The independence of the judiciary has been called into question by legislation that has successfully allowed the government's legislative coalition to "pack" the courts by adding 12 new judges and increasing the court's size by half.⁴ In addition, new laws allow the government to levy heavy fines on the media, thereby encouraging self-censorship. Recent legal harassment of opposition leaders is also a cause for concern.

The case of the civic organization Sumate is another example of the erosion of democratic rights. Leaders of the organization face possible charges of treason for receiving funding from an international nongovernmental organization, in this instance the National Endowment for Democracy. The right of democracy activists to receive support from abroad is enshrined in international human rights conventions. Given the repression that activists face in many countries around the globe, democratic reform would be difficult without this assistance. Government prosecution of Sumate's leaders on these grounds would be a dangerous precedent for democratic activists throughout the region and beyond.

During last year's referendum process on whether President Chavez should continue in office, the international community was deeply involved in mediation efforts between opposition leaders and the Chavez government through the OAS and the Carter Center. At present, however, direct international engagement has all but disappeared. This lack of international effort to reduce the polarization in the country is particularly troubling given the erosion of democratic institutions. Moreover, a se-

⁴"Venezuela: Chavez Allies Pack Supreme Court," Human Rights Watch, December 14, 2004.

ries of upcoming elections will give all political sectors a chance to peacefully and constructively take part in the political process. However, questions about the integrity of the election process make it imperative that the international community—particularly the leading countries of the region—become more active in ensuring that upcoming elections meet international standards.

Haiti

In the wake of the departure of Jean Bertrand Aristide, preparations for the 2005 elections continue with the support of the United Nations and OAS, among others. The election law has been passed and dates set for the voting: October 16 for municipal and November 13 for congressional and presidential races. More than 92 political parties have registered to date. However, many challenges remain that will have a significant impact on the future stability of the country. These challenges include reaching out to all political sectors to ensure effective participation in the political process and upcoming elections. This includes involving leading actors in national political dialogue as well as guaranteeing their safety and ability to campaign. These steps are necessary to ensure the legitimacy of the elections and prevent post-election conflict that could exacerbate current tensions.

Nicaragua

Nicaragua is locked in an impasse between the country's main political forces, including President Enrique Bolaños, the Liberal Constitutionalist Party (PLC) and the Sandinista National Liberation Front (FSLN). Leaders of the FSLN and PLC have formed a *de facto* alliance to block the reform efforts of President Bolaños. Recent constitutional changes driven by the PLC and FSLN, including making a simple majority in the National Assembly sufficient to override a presidential veto, have drawn the condemnation of the Central American Court and the concern of the OAS. President Bolaños labeled these changes a “constitutional coup.” At the same time, democratic change from within the PLC and FSLN appears increasingly unlikely as potential reformers are being shut out from the parties. The ongoing struggle for power has created a dangerous level of instability and led to a National Dialogue, sponsored by the United Nations and the Catholic Church, to help resolve the political crisis.

The recent PLC/FSLN appointments of election commission and comptroller positions without executive consultation are increasingly leading Nicaraguans to express concern about the independence and autonomy of key democratic institutions as the 2006 presidential elections approach. Both political and civic leaders have raised concerns about the quality of the voter registry and potential interference with the adjudication of election irregularities, as is alleged to have occurred in the municipality of Granada during the 2004 municipal elections.

The international community must become more engaged in Nicaragua and show support for efforts to ensure the integrity of the electoral process and help reverse the nondemocratic effects of the PLC/FSLN “*pacto*” and its negative effect on Nicaraguan democracy. This support should include ensuring that Nicaraguan election monitors have the ability to exercise their important right to observe the campaign period and election day processes to help generate reforms and establish safeguards to increase public confidence and participation.

Bolivia

Once considered one of the most stable democracies in the Andes and a paragon of economic reform, Bolivia is experiencing economic disparity, ethnic and regional conflicts and political turmoil. Bolivian President Gonzalo Sánchez de Lozada was nearly defeated in the 2002 presidential election by Evo Morales, the leader of the association of coca growers. In 2003, however, Sánchez de Lozada resigned amid violent protests over his administration's plan to export natural gas through Chile. Sánchez de Lozada was succeeded by Vice President Carlos Mesa, who bowed to popular demands for a 2004 national referendum on the export of gas, and agreed to convene a constituent assembly in 2006. Popular dissatisfaction continues to build among the business, indigenous and civil society sectors, resulting in increasing strikes and violence. The Mesa administration is further undermined by his status as an outsider within the political class.

These factors culminated on Sunday, March 6, when President Mesa offered his resignation to congress. In an address to the nation, Mesa stated he could no longer “continue to govern with the threats that strangle the country,” referring to a possible nationwide blockage of roads called for by Evo Morales and protests over the operations of a foreign-run water company and taxes on oil companies.⁵

⁵ “Bolivian President Submits Resignation,” The Miami Herald, March 7, 2005.

Mesa's actions are a clear example of the challenges facing Latin American political leaders and the need to promote political party reform. Indigenous sectors have long felt excluded from social and economic life in the country and are using demonstrations and road blockages as a powerful political tool to have their demands heard. Until the economic disparities in the country are better addressed and political parties become more representative and responsive, Bolivia will continue to be primed for populism and continued social unrest.

Colombia

President Alvaro Uribe has enjoyed the strong support of the Colombian people for his success in implementing his "Democratic Security" plan to aggressively fight guerrilla groups and drug traffickers who have fueled decades of violence. The president is attempting to negotiate the disarmament and demobilization of paramilitary forces, many of which are accused of human rights violations. Some Colombian analysts are concerned that demobilized paramilitary groups could try to use their financial resources to influence the outcome of upcoming elections—causing their role to become an issue in the campaign.

In response to dissatisfaction with political parties, President Uribe successfully advocated a package of reforms that will have a dramatic impact on the political system including establishing a minimum vote threshold of 2 percent for parties to be officially recognized and receive public financing. This provision is expected to reduce parties from 61 to approximately 10. Another significant reform advocated by the president is immediate reelection of incumbents, including him. The Congress approved the re-election measure and it is now under review by the Constitutional Court. As these events unfold, Colombia will provide an important case study in party reform as the impact of the changes advocated by President Uribe take effect.

Ecuador

In recent years, Ecuador's political system has been one of the most unstable in South America, with an average survival rate for both elected governments and military regimes of less than two years. As successive governments failed to resolve the country's economic and political crises, Ecuadorians are increasingly losing faith in the democratic system and rejecting political participation. The geographic divide between the coast and the highlands also contributes to a lack of national unity, dialogue and consensus on issues of national concern.

In 2002, Ecuadorians elected the populist and former coup-leader Lucio Gutierrez to office. He came to the presidency with the support of political groups representing the country's indigenous community and promises of reform. Gutierrez's governing coalition broke apart over policy disagreements and his administration has been dogged by charges of corruption. A recent incident demonstrating the weakness of Ecuador democratic institutions occurred when the president summarily dismissed 27 of 31 members of the Supreme Court with the assistance of a make-shift majority in Congress. The effort was seen as a means of blocking impeachment efforts that Gutierrez argued were being advanced by judges biased in favor of the opposition Social Christian Party.

Ecuadorian analysts suspect the president's coalition was based on promises to the Roldos Ecuadorian Party, which seeks to clear charges of misappropriation of public funds pending against former President Abdala Bucaram, (popularly known as "El Loco.") The party seeks to enable Bucaram to return to Ecuador from Panama where he has resided since being impeached. Gutierrez is now advocating a referendum to "depoliticize" the judiciary and increase the president's ability to fast track legislation and has warned that he will "resort to 'other powers'" under the constitution if Congress does not act on his plan.⁶ The events in Ecuador are a clear demonstration of the rise of populist leaders who are further dismantling democratic institutions after gaining power through democratic elections. NDI is also concerned about the rise of political violence in Ecuador and intimidation against civil society leaders.

Mr. BURTON. Thank you, Mr. Wollack.

I guess you have to go over to the Senate side. Who has to leave?

Mr. WOLLACK. Both Lorne and I, but that is in awhile. That is at 6 o'clock.

Mr. BURTON. So you have a little bit of time. Okay. Who is next?

⁶Latin American Weekly Report, "Minister Storms Out, Court Antagonizes Public." March 1, 2005, p. 8.

Mr. Johnson, I guess you are next, sir.

TESTIMONY OF MR. STEPHEN C. JOHNSON, SENIOR POLICY ANALYST FOR LATIN AMERICA, THE KATHRYN AND SHELBY CULLOM DAVIS INSTITUTE FOR INTERNATIONAL STUDIES, THE HERITAGE FOUNDATION

Mr. JOHNSON. Thank you. Chairman Burton, Ranking Member Menendez, distinguished Members of the Committee, thanks for inviting me to testify on this important subject, the State of Democracy in Latin America.

As you have already noted, over the past decade we have turned our attention elsewhere, to the former Soviet Republics and to the Middle East, and some would say that smoldering embers have caught fire again in our own neighborhood.

But let us not misunderstand. In 1980, 6 out of 23 Latin American nations could be described as democracies; and by 1992, 21 out of 23 countries had elected leaders in competitive contests. But public disappointment with the current manifestation of democracy is palpable in the region.

Working with our neighbors, we need to make up for lost time, addressing incomplete reforms that mask ongoing autocratic and feudal era practices.

According to the 2004 Latinobarometro poll, only 29 percent of citizens in 18 Latin American countries say that they are satisfied with democracy, even though they still prefer democracy to authoritarianism, 53 to 15 percent.

One factor, I believe, is that political parties are not wholly open to citizen participation. In most countries, party leaders, not voters, choose candidates for elected offices. Legislators don't always represent districts.

In Colombia and Paraguay, senators are elected at-large on a national ballot and are not bound to represent any particular jurisdiction. Inadequate separation of powers sometimes fails to check executive excesses so that public institutions can be easily manipulated.

In November, 2004, President Lucio Gutierrez arbitrarily dismissed the constitutional and supreme courts in his country, replacing magistrates with cronies. Last year we saw something similar happen when Venezuela's national assembly voted to expand the supreme justice tribunal from 20 to 32 members, allowing the President to pack that court.

Bottleneck bureaucracies concentrate decisionmaking in the hands of too few people, making governments sluggish and unresponsive. Ministries and national capitols sit far from sources of fresh information in specific localities, but generally make most of the decisions and provide the money for local services, which ends up being a political patronage.

Weak rule of law. Thanks to local will and United States administration of justice programs, oral adversarial trials are beginning to clean up the backlog of cases in 15 out of 23 Latin American countries, but courts and police barely function in Haiti. In Venezuela, they have been manipulated to serve the budding dictatorship.

Weak property rights deny citizens the ability to make choices in their own lives. According to The Heritage Foundation's 2005 *Index of Economic Freedom*, 14 out of 23 countries in the region have either overly bureaucratic registration requirements that benefit economic elites and inadequate protections, or they maintain laws that permit the government to confiscate private property.

What is at stake and what can we do? U.S. peace and security depend on a stable neighborhood and on more prosperous neighbors. Unfortunately as Latin America's population has expanded, its economy has fallen behind.

Some of my colleagues today have pointed out that Latin America seems to be in a rebound, an economic rebound, but yet if you look over the past 4 or 5 years, the economic situation has been relatively flat.

The GDP for Latin America has actually fallen from \$1.8 trillion in 1999 to \$1.7 trillion in 2003. Nearly 44 percent of the region's citizens live below the \$2 a day poverty line.

Such factors infer lost potential trade, political instability, migrants who illegally enter the U.S. seeking safety and jobs, and problems of security and terrorism, where ineffective governments are unable to assert national authority over their own territory.

To be sure, Latin America needs to be the author of its own success and thanks to the struggles of courageous, insightful Latin American democrats, it largely is.

But interested parties, like the United States, should provide long-term, focused engagement. Above all, we need to get our priorities straight and use our engagement tools more effectively.

On its Web site, the U.S. Agency for International Development says that its top two regional priorities are to improve governance and promote economic growth. However, recent appropriations reflect such priorities as food aid, health and environmental protection, and I well understand that some of these items, important as they are, are big ticket programs and so they do demand more funds, but gains in these areas are easily wasted by bad governance.

Public diplomacy programs that help Central American students study in the United States and fund subject matter exchanges in the past have been drastically cut.

The Broadcasting Board of Governors has curtailed much of our Voice of America programming toward Latin America. We should reverse that trend.

Toward specific democratic reforms in the region, we need to use our admirable institution-building programs, like the National Democratic Institute, the International Republic Institute and USAID's democracy units to do the following: Encourage more direct representation.

Democracy must go beyond elections to put the authority at the service of all free citizens; promote greater separation of powers. Robust legislatures and judiciaries should balance Presidential power.

Strengthen local governance. Another check on executive excess; enhance the rule of law and property rights and promote citizenship through public diplomacy and civic education programs.

In conclusion, Mr. Chairman, the United States has a lot on its plate. Moreover, we can't solve all the world's problems.

However, we can be more consistent with our policies and toward regions like Latin America, where we have promoted substantial reforms in some of its most troubled countries, we can become more focused to help deeper and more complete democracies emerge from elections and gains in free trade.

Thank you.

[The prepared statement of Mr. Johnson follows:]

PREPARED STATEMENT OF MR. STEPHEN C. JOHNSON, SENIOR POLICY ANALYST FOR LATIN AMERICA, THE KATHRYN AND SHELBY CULLOM DAVIS INSTITUTE FOR INTERNATIONAL STUDIES, THE HERITAGE FOUNDATION

Chairman Burton, ranking member Menendez, distinguished members of the Committee:

Thank you for inviting me to testify on this important subject—the state of democracy in Latin America. I commend you for undertaking this inquiry at a propitious time when democratic advances in the hemisphere seem to be—if not at a standstill—in danger of sliding backwards. While that may not be clearly evident in all countries, fledgling democratic institutions are now seriously challenged by a number of factors. It is only right that we consider whether to make course corrections in our efforts to protect and nurture them.

When candidate George Bush promised to revitalize U.S. engagement in the western hemisphere making this the “Century of the Americas,” it was in recognition of some of the work left undone since the end of the Reagan Administration when the majority of the hemisphere's citizens began electing their leaders. Then, the United States vigorously promoted democratic governance in Central America as an alternative to dictatorship and an antidote to Soviet-backed insurgencies. Yet, once Central America adopted electoral democracy and civil conflicts were mended with peace accords, our government began shifting money for democracy promotion to the former Soviet republics. Since September 11, the United States has understandably concentrated its focus on defeating global terror and bringing democracy to the Middle East.

Yet while we have been engaged elsewhere, some would say smoldering embers have caught fire again in our own neighborhood. Mexico's hopes for greater democracy have made slow progress during the Fox Administration, stymied by a recalcitrant congress and the reticence of political dinosaurs that still dominate its political parties. Central America is being ravaged by crime. Wobbly democracies in South America have taken a decided turn to the populist left. Colombia has made steps in the right direction, but those are now threatened by an emerging dictatorship in Venezuela that has designs beyond its borders.

Globalization, which has occurred since humans began trodding the earth, has shrunk the distance between formerly isolated populations allowing people to communicate instantaneously and migrate at will. What happens in the prisons of Los Angeles affects the police in San Salvador and vice versa. While globalization enables cultural exchange and trade, it also facilitates drug and arms trafficking as well as terrorism. Globalization cannot be stopped, anymore than we can turn back the clock on progress in the way we live. But our governments must learn to cooperate in a more globalized way to keep up with criminals and terrorists who see national borders as little more than inconvenient lines in the sand.

Let us not misunderstand. In 1980, six out of 23 Latin American nations could be described as democracies. By 1992, 21 out of 23 countries had elected leaders in competitive contests. But since then, progress has gone flat. Few people want to return to authoritarian regimes of the past, yet public disappointment with the current manifestation of democracy is palpable. In partnership with our neighbors, we must address incomplete reforms that mask continuing autocratic and feudal era practices. In general, U.S. support for democracy in Latin America should:

- *Encourage more direct representation.* Political parties in many countries are dominated by autocratic founders and senior operators, not rank and file members. In many instances, leaders choose candidates to run in general elections. In some cases, legislators are elected at-large from national lists and do not represent local districts, again lacking incentives to act accountably.

- *Promote greater separation of powers.* Often, courts are subservient to powerful presidents. Legislatures may be subservient to powerful party leaders that may include the president or be allied with him. Weak district and local governments fail to provide an additional check on impunity.
- *Strengthen local governance.* Powerful presidents and centralized, bottleneck bureaucracies often make poorly informed decisions, function at a snail's pace, and funnel money to favored local politicians. They provide almost all operating revenues for local governments and often take charge of programs local officials could handle more effectively from filling potholes to running schools.
- *Enhance rule of law and property rights.* The region's governments consider property rights a concession of the state, blocking working classes from obtaining title to land or important possessions through excessive red tape. Moreover, almost all Latin American constitutions claim state ownership of subsurface minerals and hydrocarbons—placing these resources in the hands of corrupt politicians.
- *Promote citizenship.* Work trumps education as a survival priority in many poorer countries of the region. As a consequence, many citizens never get far enough in school to learn about civic responsibilities as well as expectations they should have for the performance of public officials.

Regarding trouble spots, the United States should more actively:

- *Help stabilize the northern Andean countries.* The United States must maintain security assistance and support for democratic institutions in Colombia as it continues to make gains in its fight against drug trafficking and terrorism. Elsewhere, we must redouble efforts to help strengthen democratic governance and civil society. Democratic institutions are under assault in Ecuador by an incumbent president and in Bolivia by a populist agitators.
- *Contain Venezuelan president Hugo Chávez's hegemonic designs.* Although the United States should not enter a shouting match with President Chávez, our government should firmly point out where Venezuela's democracy has gone off its rails. Moreover, U.S. officials must more actively engage regional allies, listening as opposed to lecturing, quietly strengthening trade and security relations to ward off temptations for them to accommodate to a despot.
- *Strengthen relations with Southern Cone nations.* While they may be tilting toward nationalism and populism, they haven't abandoned democracy or their fledgling market economies. For the moment, we should set aside differences to help them solidify democratic and free market gains.
- *Encourage and participate in cooperative civilian and military security arrangements.* The United States has bilateral customs, law enforcement, and military agreements, but grudgingly shares databases on criminals and has yet to establish routine coordination with Latin American governments on countering emerging threats such as transnational crime, terrorism, or natural disasters.
- *Deny credit and resources to Fidel Castro.* The United States should maintain trade sanctions against the Castro regime. However, U.S. officials should promote contact with Cuban democrats who represent the future of the island as well as develop familiarity with regime figures likely to play a role in a transition government.
- *Provide enhanced leadership to restore Haiti's democracy.* Haiti's interim government has not received all the money pledged by international donors to rebuild damaged institutions, coordination among donors is lacking, and public order has not been established. The United States should help create a donor's oversight commission to guide Haiti's recovery.

BACKGROUND

Twenty years ago, the United States began encouraging the adoption of democracy and free markets as political and economic models for the Americas and as an alternative both to communist subversion advanced by the Soviet Union and Cuba and to military dictatorship—the prevailing system. This policy helped to defeat insurgencies and return the militaries to their barracks. Now all of the countries in the hemisphere celebrate competitive elections except Cuba and Haiti, and most have adopted market economies in principle. Yet, according to the 2004 Latinobarometro poll, only 29 percent of citizens in the 18 Latin American countries say that they are satisfied with democracy—even though they still prefer democracy to authoritarianism 53 percent to 15 percent. As few as 19 percent have positive

feelings about market economies, although they still prefer markets to state-run economies by more than 50 percent in every country polled.¹

One factor is that political parties are not wholly open to citizen participation. In most countries, party leaders—not voters—choose candidates for many elected offices such as town councilman and a portion, if not all, of the seats in congress. These candidates are “elected” from party lists in proportion to votes for their respective parties. Once in office, they owe loyalty to party bosses, not constituents. Cuba, of course, offers the most notorious example of candidate lists selected by communist party leaders and presented to citizens for simple approval. But party leaders in Mexico also choose and filter their slates. Fortunately, outside of Cuba, each of the region’s countries has more than one party.

Legislators don’t always represent districts and are thus not directly linked to constituents. In Colombia and Paraguay, senators are elected at-large on a national ballot and are not bound to represent any particular jurisdiction. Mexican legislators serve only one term, so citizens from their states cannot re-elect them if they do well or punish them with defeat if they stray from promises. A constitutional amendment to permit re-election was recently defeated in the Mexican senate at the urging of Institutional Revolutionary Party leaders who felt it would dilute their control over congressmen.

In Nicaragua, a unicameral legislature is elected from a national list. In 2000, sitting president Arnoldo Alemán and former Sandinista president Daniel Ortega pactured with representatives to alter the constitution 2000 so they could take seats in the National Assembly to obtain immunity from prosecution for any crimes they may have committed. The maneuver was highly unpopular with the public. To their credit, Nicaragua’s assemblymen lifted the immunity of Alemán after he left the presidency so he could be tried on charges of diverting some \$100 million in public funds. However, sensing the current president’s weakness, many parliamentarians are now seeking Alemán’s exoneration—against the tide of public opinion.

Inadequate separation of powers sometimes fails to check executive excesses so that public institutions can be easily manipulated. In Ecuador, the judiciary names its own replacements. Yet it is so weak, that beginning in November 2004, President Lucio Gutiérrez dismissed the Constitutional Court and threw out the Supreme Court replacing magistrates with cronies—many with marginal qualifications. At the same time, he created a new body of plainclothes secret political police to harass and intimidate political opponents. Ecuador’s fragmented congress has little power to stop him.

Last year in Venezuela, Chávez loyalists in the National Assembly voted to expand the Supreme Justice Tribunal from 20 to 32 members, allowing the president to pack the court with cronies.² So-called provisional judges preside over many lower courts, allowing them to be manipulated for political purposes. The National Electoral Commission resides in the president’s hands as well. A recall process initiated by Chávez loyalists is now directed at eliminating opponents in the National Assembly. Soon, it could easily become an elected version of the rubber stamp communist assembly that exists in Cuba.

Powerful presidencies and bottleneck bureaucracies concentrate decision-making in the hands of too few people making government sluggish and unresponsive. Ministries in national capitals sit far from sources of fresh information in specific localities, but generally make most of the decisions and provide the money for local services and programs. Weak local governments with limited taxation power exist only to carry out their directives. Powerful presidents tend to upset institutional continuity. As former Bolivian President Jorge Quiroga points out, they often “make immense changes in government institutions, to be followed by the next politician who makes his own sweeping changes.”³ The most obvious example is again Hugo Chávez of Venezuela. To paraphrase Ambassador Robert Zoellick in his recent confirmation hearing before the U.S. Senate, “he won an election, did away with his opponents, muzzled the press, limited the rule of law, and packed the courts and national commissions with his cronies.”

Weak rule of law. The World Bank estimates that weak judiciaries and corruption reduce annual growth by 15 percent in Latin America. In colonial times, courts and

¹ “Informe-Resumen, Latinobarómetro 2004, Una Década de Mediciones,” Corporación Latinobarómetro, Santiago de Chile, August 13, 2004, pp. 4, 23, 38, 40.

² In addition, five more judges were appointed to fill vacancies and 32 persons were named as reserve judges. See “Venezuela: Chávez Allies Pack Supreme Court,” Human Rights Watch, December 14, 2004 at hrw.org/english/docs/2004/12/14/venezu9864.htm (March 3, 2005).

³ Remarks at the University of Pennsylvania Wharton Business School’s 4th Latin American Regional Alumni Meeting, Miami, Florida, July 10–12, 2003, at knowledge.wharton.upenn.edu/07300_ss.html (July 31, 2003).

police existed to protect wealthy elites in poorly integrated societies. Although mixed races, pure ethnic groups, and the working classes are more accepted in today's societies, law enforcement is only now beginning to provide for their public safety. Still, courts and police barely function in Haiti. In Venezuela they have been manipulated to serve a budding dictator. In Nicaragua, judgeships have been handed out to mostly Sandinista party members. Courts are only gaining political independence in Mexico with adversarial trials being tested in the state of Nuevo León. Napoleonic codes and written trials still clog courts with cases that last years. Thanks to local will and U.S. administration of justice programs, case law and public, adversarial trials in criminal courts are beginning to clean up the backlog in 15 out of 23 Latin American countries.

Elsewhere, recently formed civilian police forces are no match for delinquent bands and youth gangs. Some ex-guerrillas and former soldiers in El Salvador and Guatemala opted to become kidnappers and drug traffickers in the 1990s. Youth gangs that proliferated in Los Angeles in the 1970s and 1980s now have fraternal links with some 130,000 to 300,000 members in Mexico and Central America. Police in southern Mexico, Guatemala, El Salvador, and Honduras have insufficient numbers and resources to deal with them. In 1998, Honduras had the highest murder rate in the hemisphere with 154 per 100,000 inhabitants—two times greater than Colombia and five times greater than El Salvador. By contrast, Honduras has about 6,200 police—one per 1,100 inhabitants compared to El Salvador with 17,000 or one per 383 citizens. Freedom House reported in its 2004 *Freedom in the World* survey, that Honduran police were “underfunded, ill-trained, understaffed, and highly corrupt.”

Weak property rights deny citizens the ability to make choices in their own lives. According to the Heritage Foundation's 2005 Index of Economic Freedom, 14 out of 23 countries in the region have either overly bureaucratic registration requirements, inadequate protections, or they maintain laws that permit the government to confiscate private property. In Venezuela, the government is expropriating the country's largest and most productive private cattle ranch, purportedly to divide it into parcels to distribute to landless farm workers. Wherever this has been tried, it often results in lost efficiency and abandonment by intended custodians. In almost all Latin American countries, constitutions give the state exclusive rights over all sub-surface minerals and hydrocarbons. State petroleum monopolies keep private individuals from owning an oil well, while corrupt politicians pocket profits and, in Hugo Chávez's case, sell or deny petroleum to whomever they want.

REGIONAL HOT SPOTS

The Northern Andes. Colombia is the linchpin of democracy in this region. Not only is it one of the longest continuous democracies in South America, but it is making step-by-step progress against such threats as drug trafficking and rural terror groups.⁴ Although its six-year development plan known as Plan Colombia ends this year, the administration of President Alvaro Uribe has made strides in revitalizing the economy, eradicating drug crops, strengthening the judiciary, improving human rights practices, and bringing about a negotiated peace.

Compared to a contraction of 4.3 percent in 1999, Colombia experienced 3.7 percent growth in gross domestic product (GDP) in 2003.⁵ Last year, a record 178 metric tons of cocaine were captured by Colombia's police and military forces while the Anti-Narcotics Police Directorate sprayed a record 136,555 hectares of coca and 3,060 hectares of opium poppy.⁶ Kidnappings have declined 60 percent from levels recorded in 2000. Some 10,000 prosecutors, judges and criminal investigators have been trained in the new oral adversarial trial system. A new human rights early warning system is taking shape. Desertions and demobilizations from Colombia's three bandit armies have increased by 29 percent over last year. However, further progress is threatened by Colombia's neighbor to the east.

Venezuelan President Hugo Chávez is a former coup plotter who has manipulated his country's laws and constitution to concentrate power in his own hands. Now in control of the state's single most important industry—oil—he has embarked on a quest to destabilize neighbors like Colombia and assert his influence over them. With access to more financial resources than Fidel Castro ever had, he controls pe-

⁴The Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the United Self-Defense Force (AUC).

⁵Sources: Embassy of Colombia at www.colombiaemb.org/opencms/opencms/plancolombia (March 3, 2005) and the Inter-American Development Bank at www.iadb.org/exr/country/eng/colombia (March 3, 2005).

⁶2005 International Narcotics Control Strategy Report, U.S. Department of State, March 2005 at www.state.gov/g/inl/rls/rncrpt/2005/vol1/html/42363.htm (March 3, 2005).

troleum exports to Central America and the Caribbean and can withhold shipments at whim as he did to the Dominican Republic last year. Chávez could also cut off overland commerce with Colombia, one of Venezuela's most important trade partners. By strangling Venezuela's private sector with draconian laws and exchange controls, he makes the future of bilateral trade bleak anyway. More troubling are his close relations with an allied insurgent army inside Colombia—the Revolutionary Armed Force of Colombia, or FARC, which shares Chávez's socialist authoritarian ideology seeking to overthrow the elected government.⁷

In Ecuador, Colombian FARC financiers are said to be buying up real estate in suburban Quito, while combatants resupply and relax at camps near Lago Agrio in northern Sucumbios Department. Meanwhile, Venezuelan diplomats are reportedly advising the state oil monopoly PetroEcuador. Like Chávez, President Gutierrez is packing courts with crony judges and sending plainclothes policemen to harass political opponents. In December he presented a new media law to congress similar to the *Ley Mordaza* in Venezuela that, if approved, will punish outlets that disseminate information the presidency deems contrary to its interests. A poll released March 3, 2005 in the newspaper *El Comercio* showed President Gutierrez with a 37 percent approval rating while Ecuador's congress hovers at 10 percent.

In 1985, Bolivia began an unprecedented era of democratic reform, supported by free-markets and a 4 percent average annual economic growth rate during the 1990s. Since 2000, however, successful elimination of 90 percent of the country's illicit coca cultivation caused the economy to contract. Excessive bureaucracy, weak rule of law, and inadequate property rights blocked a rebound for citizens living on less than \$2 per day—60 percent of Bolivia's population. Moreover, democratic reforms have not joined a fragmented polity whose various constituencies hoped change would mainly benefit their group. These include a majority indigenous population that is poorly educated, a minority mixed class of political and economic elites, the armed forces, and labor unions. Riots and road blockades instigated by radical indigenous leaders over foreign gas sales forced President Gonzalo Sánchez de Lozada to resign in October 2003. His replacement Carlos Mesa had to move to the populist left, holding a referendum on whether to take partial control of the gas industry.

Now, self-serving coca union leader and congressman Evo Morales and community activist Abel Mamani of El Alto on the outskirts of La Paz, have threatened to summon mobs and block roads if Bolivia's congress does not raise royalties on foreign gas companies to 50 percent. March 6, 2005, President Carlos Mesa submitted his resignation to congress to rally support for his government and turn Bolivians against destructive the mob tactics favored by Morales and fellow radicals.

Southern Cone. In the past 20 years or so, Argentina, Brazil, Chile, Paraguay, and Uruguay have replaced military regimes with elected governments. Within the last 5 years, these democracies have largely moved from the center right to moderate socialism. Among them, Chile is the democratic linchpin and most open economically. Both Chile and Brazil have strong industrial bases. By contrast, tiny agrarian Paraguay is under threat from corrupt politicians, transnational drug traffickers, local insurgents, and undocumented migrants believed to support Middle Eastern terror groups. Colombia's FARC guerrillas are known to use Paraguay as a site for exchanging drugs for guns. Recently captured FARC leader Rodrigo Granda allegedly advised Paraguayan terrorist Osmar Martínez in kidnapping and killing the daughter of former President Raúl Cubas last year. Granda and Martínez reportedly met in Venezuela in July 2004.

Argentina and Uruguay have demonstrated the greatest leftward swing since the 2003 election of President Néstor Kirchner and the March 1 inauguration of President Tabaré Vázquez, respectively. In both countries misguided economic policies could lead to unrest. Kirchner clings to populist rhetoric and an anti-industrial economic model that taxes exports. A recent debt swap might keep Argentina afloat temporarily along with commodity sales to China. But Argentina is non-competitive and may have trouble obtaining further credit after defaulting on \$81 billion in bonds in 2001 (its fifth default since independence) and writing down its debt to 35 cents on the dollar in 2005.

⁷Both Chávez's Fifth Republic Movement party and the FARC are members of the Brazil-based Foro de São Paulo—a global organization that includes leftist parties and guerrilla groups from 16 countries in the western hemisphere. Videos and documents revealed by dissident Venezuelan military officers suggest official promises of supplies and refuge as well as the existence of several FARC fronts operating from the Venezuelan side of the Colombia-Venezuela border. See Javier Ignacio Mayorca, "740 de las FARC en Venezuela," *Venezuela Analítica*, March 11, 2002, at www.analitica.com/va/vpi5521076.asp (April 1, 2002).

In Uruguay, President Vázquez's proposed \$100 million spending measure to alleviate poverty could herald a return to the welfare state. Although pressure from political opponents and moderates in Vázquez's own Frente Amplio coalition could keep him from adopting a more radical internal course, hardline leftists are pushing for a realignment away from the United States. Vázquez has renewed diplomatic ties to Cuba and struck agreements with Venezuela's Hugo Chávez to buy oil and establish a regional state-run TV channel in Uruguay to disseminate populist, anti-U.S. propaganda.

Central America. Weak institutions, rising transnational crime and gang violence, and high underemployment are taxing these fledgling democracies. The eye of this storm is Nicaragua. But not all is calm. President Enrique Bolaños is in trouble for attempting to curb endemic corruption. At play is the Liberal Party's desire to free former president, convicted embezzler, and current Liberal Party leader Arnoldo Alemán. Fellow Liberal deputies have colluded with Sandinista opponents in the National Assembly to weaken his powers and force him from office. The real winner is the Sandinista National Liberation Front which has played along in exchange for judgeships and control over important national commissions. Poised for a comeback in the 2006 presidential elections is former Sandinista *comandante* Daniel Ortega, whose campaign will likely attract financial support from Venezuelan president Chávez.

Cuba and Haiti. Fidel Castro's 45-year-old dictatorship in Cuba blocks the realization of the dreams and aspirations of 11 million citizens. Though no longer a direct threat to the United States, Cuba remains hostile, sharing electronic espionage and warfare capability with China and offering support for and solidarity with international terrorist groups. Tighter U.S. sanctions have caused Castro to make erratic decisions such as withdrawing circulation of U.S. dollars on the island and prohibiting citizens from talking with American visitors. Venezuela's agreement to supply cheap oil in exchange for intelligence officers and doctors has helped Cuba's command economy to the point that he has been able to reverse grudgingly approved market reforms, such as limited self-employment. Yet it seems likely that Castro sees his revolution surviving mainly outside of Cuba, in countries like Venezuela and poorer nations where he has sent legions of doctors and intelligence agents.

In Haiti, interim Prime Minister Gérard Latortue, his coalition cabinet, and multinational peacekeeping forces from such countries as Chile and Brazil, are helping Haiti recover from years of despotic rule under former president Jean Bertrand Aristide. However, the pace of reconstruction is far too slow. Previous corruption has emptied the treasury and broken public institutions. Aristide still has access to millions of dollars he took from the government and could be a lingering threat to stability. Current levels of technical assistance by donor nations are inadequate and reconstruction of public institutions has stalled. Haiti's meager 4,000-member police force—about 1 officer for every 2,000 citizens—cannot address mounting violence and unrest. Other governments in the Caribbean that misunderstood the U.S. role in Aristide's departure will be even less forgiving if rebuilding efforts collapse and there is a refugee exodus.

WHAT IS AT STAKE

Except for Mexico, the United States probably could survive without Latin American markets, which account for less than 6 percent of U.S.-world trade. American refiners can buy oil from other suppliers besides Venezuela, which provides roughly 7 percent of U.S. consumption.⁸ But U.S. peace and security depend on a stable neighborhood and on more prosperous neighbors. Unfortunately as Latin America's population has expanded, its economy has recently fallen behind. From 1999 to 2003, the region's population grew from 503.1 million inhabitants to 534.2 million. Its aggregate economy declined slightly from \$1.8 trillion in to \$1.7 trillion.⁹ Nearly 44 percent of the region's citizens live below the \$2 a day poverty line. Such factors impact the United States in lost potential trade, states that teeter on the edge of

⁸Mexico is America's second largest trade partner behind Canada with \$220.2 billion in merchandise trade in 2002. Brazil ranked 15th with \$26.8 billion. In 2002, most bilateral trade between Latin American countries and the United States ranged between \$3 billion and \$9 billion. See U.S. International Trade Commission, "Interactive Tariff and Trade DataWeb," at dataweb.usitc.gov (August 29, 2003).

⁹While the population of Latin America and the Caribbean has increased from 503.1 billion to 534.2 billion from 1999 to 2003, Gross National Income has declined from \$1.8 trillion to \$1.7 trillion according to the Latin America & Caribbean Data Profile, World Bank at www.worldbank.org/data/countrydata/countrydata.html (March 5, 2005).

instability, and migrants who illegally enter the U.S. seeking safety and economic opportunity.¹⁰

Except for Europe and some Asian countries such as India, Japan, and the Philippines, no region *should be* as favorably disposed toward democracy and open markets. Latin American leaders have generally aspired to Western-style democracy and markets, exemplified by numerous constitutions and laws that mirror the U.S. system. Yet, individual rights, free choice, and equal opportunity clash with colonial traditions of imposed rule and corporatist segregation of economic classes and ethnic groups. Without adequate support for reforms that go beyond elections and free trade, the region's democratic progress could backslide.

WHAT THE UNITED STATES SHOULD DO

To be sure, Latin America needs to be the author of its own success. And thanks to the struggles of courageous, insightful Latin American democrats, it largely is. But interested parties like the U.S. government should provide long-term, focused engagement. Above all, U.S. policymakers and lawmakers should consider reversing two overarching trends in assistance programs and foreign communications.

Although the U.S. Agency for International Development (USAID) says that its two top regional priorities are to improve governance and promote economic growth, U.S. Congressional appropriations reflect such priorities as food aid, health, and environmental protection. Gains in these areas are easily wasted by bad governance. The new Millennium Challenge grants totaling \$2.5 billion for FY 2004 and 2005 seek to reward nations that govern justly, fight corruption, and open their markets. Yet one grantee, Nicaragua, is one the verge of ousting a president because he is fighting corruption, while another, Bolivia, is *closing* its energy markets and scaling back counter-narcotics cooperation with the United States.

Public diplomacy programs that used to provide scholarships help Central American students study in the United States in the 1980s and fund subject matter exchanges in the early 1990s have been drastically cut. The Broadcasting Board of Governors has curtailed much of our Voice of America programming toward Latin America. The public affairs and science programming that is left does not complement U.S. development goals. Meanwhile, Cuban doctors distributing free medicine in Venezuela and Honduras are reportedly ramping up propaganda efforts, playing videos that extol the triumphs of Cuba's revolution to patients waiting in their clinics.

Finally, policies to strengthen democracy in Latin America must be accompanied by those that also reinforce economic freedom and collective security, since democracy cannot thrive without markets or state control over national territory. However, with regard to the region's democratic challenges, U.S. policy should:

- *Encourage more direct representation.* Democracy must go beyond elections to put authority in its proper place—at the service of all free citizens. USAID democracy programs, International Republican Institute and National Democratic Institute projects should highlight the responsibility of legislators to represent specific districts and individuals. Seminars and subject matter exchanges should include discussions of constituent service. Consultations with parties should urge party leaders to allow voters to choose candidates for general elections. Voice of America radio and TV programming should include discussions and documentaries on this topic.
- *Promote greater separation of powers.* Robust legislatures and judiciaries should balance presidential power. U.S. democracy programs should advocate constitutional models that insulate these branches from presidential meddling—from electing parliamentarians at the same time the president is chosen to raising the level of congressional approval necessary to seat or remove judges. Reforms may vary from country to country, but models should be kept in a best practices list supported and maintained by the Organization of American States (OAS).
- *Strengthen local governance.* Governments should be decentralized so that officials at local, district, and national levels handle just those matters that logically correspond to their jurisdiction. U.S.-funded studies should investigate ways to devolve some tax collection to municipalities to give them

¹⁰ According to the National Intelligence Council's new study, *Mapping the Global Future*, ineffective governance and the backwardness of ruling elites could decrease Latin America's influence in world affairs and bar many of its countries from participating in the global economy. See "Mapping the Global Future," Report of the National Intelligence Council's 2020 Project, National Intelligence Council, Washington, DC, December 2004 at http://www.cia.gov/nic/NIC_globaltrend2020_s3.html#page78 (March 3, 2004).

budgetary independence from the national government. Such research should also address how national bureaucracies such as education ministries can function more efficiently under local control.

- *Enhance rule of law and property rights.* Continued support for judicial reforms should help modernize criminal codes, separate judicial and prosecutorial functions, and establish public defender offices to represent the poor. Congress should amend Section 660 of the Foreign Assistance Act of 1961 to allow more flexible support for training foreign police and collateral law enforcement agencies to enable closer collaboration on curbing transnational threats. USAID governance programs could promote the adoption of cadastres and simple land titling systems. They could also cover how individual claims to subsurface rights have helped America develop resources and create individual wealth instead of feeding corrupt state monopolies.
- *Promote citizenship through public diplomacy* and civic education programs to inform citizens of their rights and responsibilities in marginally democratic societies where such concepts are not well understood. Moreover, Congress and USAID should reallocate money it spends on health and environmental projects to enhance basic education so citizens can read, write, and understand political concepts in countries like Bolivia and Haiti.

Regarding trouble spots, the United States should more actively:

- *Help stabilize the northern Andean countries.* Since the inception of Plan Colombia, U.S. assistance and Congressional oversight has helped turn the tide against local drug production and rural terrorism, as well as strengthen public institutions in a country willing to undertake those reforms. Failure to stay that course could destabilize neighboring Panama, Ecuador, and Peru. Ecuador's democracy is now at risk with a president willing to bend laws to suit his objectives. The United States should maintain solidarity with Ecuadoran democrats by urging President Gutierrez to use legal and consensual means to carry out his programs. In Bolivia, U.S. officials should urge all parties to abide by Bolivian law and reject mob coercion. Public diplomacy outreaches should be redoubled to indigenous communities to kindle moderate voices within.
- *Contain Venezuelan president Hugo Chávez's hegemonic designs.* U.S. officials should continue to refrain from war of words with Venezuela's volatile president who likes to call his adversaries vulgar names. Yet, they should use every opportunity to advocate a retreat from authoritarian policies that curtail civil liberties and support for terrorists like the FARC guerrillas in Colombia. The United States should also promote continued international scrutiny of human rights and of Venezuela's battered democratic institutions so that Venezuelan democrats will not lose hope. Most of all, U.S. contact with the leaders and peoples of neighboring countries must be more frequent and collaborative to avoid a vacuum Mr. Chávez desperately wants to fill. U.S. Congressional approval of free trade agreements with Central America, the Dominican Republic, Panama, and the Andean nations will be crucial toward that end.
- *Improve relations with Southern Cone nations.* Despite their leftward tilt, the United States should move forward with trade negotiations, including a bilateral investment treaty with Uruguay. Commercial sectors in Argentina, Brazil, and Uruguay will have moderating influences on populist policies. Enhanced trade relations with the United States will help ensure open markets for U.S. products, and also help maintain the influence of this vital sector of society.
- *Encourage and participate in cooperative civilian and military security arrangements.* To counter transnational crime and terrorism that threatens American democracies, the United States should encourage regional partnerships based on day-to-day military-to-military and civilian-to-civilian cooperation to promote common standards and protocols. Already, Colombia's attorney general has come up with a concept to share databases among the region's prosecutors. U.S. Southern Command, the Department of Justice, the State Department, and the OAS Commission on Hemispheric Security should seek opportunities to work with the region's military and law enforcement agencies to promote interoperability of forces.
- *Deny credit and resources to Cuba's Castro but build contacts outside and within the regime.* While maintaining its principled trade sanctions policy, the United States should promote purposeful contact with Cuban human rights

and democracy activists who represent the long-term future government of the island. Current public diplomacy efforts to inform ordinary citizens must continue and be enhanced. U.S. officials should become more familiar with armed forces leaders and local governing officials likely to influence a future transition from Castroite rule through third-country contacts and opportunities to meet.

- *Provide enhanced leadership to restore Haiti's democracy.* The Bush Administration should urge fellow international donors to be timely and forthcoming with promised aid. Haiti needs a larger, de-politicized police force to establish public order and allow its interim government to operate. For the long-term, it needs a donor supervisory commission to work with follow on governments and non-governmental organizations to assure accountability and coordinated efforts until democracy becomes self-sustaining. Under no circumstances should the United States pursue a premature exit strategy as it did in the Clinton Administration.

Finally, the United States should help strengthen the democratic orientation of the Organization of American States by:

- *Enlisting regional allies to revitalize its democracy promotion functions and human rights commission.* Venezuelan president Hugo Chávez is already urging members to abandon support for democracy and civil liberties for a model that embraces a powerful state and welfare rights—his proposed “Social Charter of the Americas.” The United States should be actively engaged in the OAS to keep authoritarianism from replacing the democratic trajectory member nations have nourished over the past half century.

CONCLUSION

The United States is a powerful and benevolent nation. As its strength has evolved, so have its policies toward other nations. As we all know, our government is not always consistent. It cannot be. Policies rightly obey political currents of the day and budgetary realities. In the last 20 years, we have come from pragmatic alliances with regimes we did not like to nurturing their adoption of democracy and open markets. However, sustained commitment is essential to help deeper and more complete democracies and markets evolve from elections and free trade.

Societies based on free choice, not dictatorships, make good neighbors. Open markets, not command economies, provide opportunities for ordinary citizens to become prosperous. Sustained, consistent policies undergird these reforms. They are the only way the United States and its neighbors in the Americas can be partners in creating jobs, self-fulfillment, and peace in hometowns throughout the hemisphere.

Mr. BURTON. Thank you, Mr. Johnson.
Mr. Valenzuela?

TESTIMONY OF ARTURO A. VALENZUELA, PH.D., DIRECTOR OF THE CENTER FOR LATIN AMERICAN STUDIES, GEORGE- TOWN UNIVERSITY

Mr. VALENZUELA. Thanks very much, Mr. Chairman and Members of the Committee for this opportunity to speak with you.

I will briefly summarize the remarks from my written statement. I think that I agree with my colleagues that we are in a sort of paradoxical moment in Latin America at this particular point in history.

For the first time in history, all of the countries, save Cuba, have democratic governments and I would like to give you some statistics that put a very sharp focus on that.

From 1930 until 1980, all of the changes of government, if you look at all of the changes of government, there are 277 changes of government, 40 percent of those changes of government took place through military coups.

In the 1980s, there were 37 changes of government, 17 of which took place from military coups. The decade of the 1980s was the

lowest decade of military coups in the entire history of Latin America.

If you look today, between 1990 and 2005, that is 15 years, there has only been one outright military coup and that was in Haiti in December 1991.

Now, that is the good news. The bad news, of course, is that democracy really is imperiled in the region and we should not confuse the establishment of democratic institutions with the consolidation of democratic institutions, and the process of democratic consolidation is complex, difficult, requires a lot of attention and requires time.

I think we made a mistake in thinking that once you have elections, somehow we were on the proper path.

Let me just very quickly summarize some of the real challenges that democracy faces and I don't have time to expand on it, but I see four levels of crises that need to be addressed in the region.

One is there is a crisis of state capacity, which actually has to do with the fact that democratic states don't have the resources, don't have the capabilities, don't have the personnel and don't have the reach in order to be able to address the fundamental problems of societies.

When I was in the Administration, in the previous Administration, we worked very carefully there to create Plan Colombia. One of the fundamental assumptions of Plan Colombia was that there was a huge lack of state capacity in broad regions of Colombia. That is the case not only for Colombia, but other countries.

There is also a second set of crises and that is the crisis of accountability, and my colleagues have referred to that in different ways. The crisis of accountability refers to such things as the lack of the rule of law and the limitations of the justice system and much more work needs to be done in order to improve that.

The third is a crisis of representation. As we know, in democracies there is this complex process whereby citizens select their representatives, in turn their representatives are supposed to make public policy. And yet in Latin America, at the level of electoral systems, at the level of political parties, at the level of electoral authorities, there really are some significant deficits and here I would concur with those from IRI and NDI who put an emphasis on parties.

Parties are very, very important. Madison himself, despite the fact that in Federalist No. 10, argued against the notion of factions, later on wound up saying, after he realized how young American democracy was working, that parties were the fountain, as he put it, of liberty, because they are essential mechanisms to transfer the will of the people toward government authorities.

Then finally there is a crisis of governance and this crisis of governance has many different shapes, but let me just focus on one thing about the crisis of governance in Latin America.

In most countries of Latin America, Presidents are minority Presidents and they are double minority Presidents. They are minority Presidents, because they haven't gotten a majority of the support themselves. Only 50 percent of the Presidents in this era of democratic governance have actually had outright majorities and

not only that, they have minorities in the Congress, for the most part, because of the fragmented nature of the party systems.

So there is a disjuncture between multi-party systems, to a certain degree, and the way Presidential governments work. This means that Presidents often are not able to cobble together the kind of majority coalitions that are necessary for them to rule.

They are weak Presidents. The problem in Latin America, for the most part, are the weakness of Presidencies and the weakness of political authority and not the strength of political authority.

That is why 14 Presidents have failed and have actually had to leave office early in this period of democratization. I just wrote an article on the 14 failed Presidents that I would be happy to share with you.

Let me just finish then by turning to what we ought to be doing about this. I think the United States needs greater engagement.

We need to pay attention to development assistance. Forty percent of the people there are poor. We need to be concerned about assistance for democracy promotion.

I think we need a higher-level engagement with the region and I like the concept of maybe going to the position of a special envoy for the Americas, but it would have to be done, as my experience in the Clinton Administration was, it would have to be somebody who really has a direct ear of the President and has a very high stature, somebody like Mack MacClarty or Buddy McKay. You know a former Governor, Congressman or Chief of Staff of the President of the United States. Otherwise, it is simply not going to work.

Then finally let me conclude by saying I also think it is very important to reengage the hemisphere on the whole question of the collective defense of democracy and that is where I like the ideas that are being floated, including the one that President Carter put out there of having a much more robust response.

Let me add there that what we need to pay attention to is not only the collective defense of democracies through resolution 1080 and the charter, but also strengthening the Human Rights Commission, because ultimately it is the Human Rights Commission that is going to look at the violations of democracy by majoritarian Presidents, by people like Chavez, who in some ways are pushing the envelope on things like the supreme court and so on.

We need to be able to have robust institutions in the hemisphere to keep an eye on those sorts of things and to provide policymakers in different countries with tools in order to address the problems. Thank you.

[The prepared statement of Dr. Valenzuela follows:]

PREPARED STATEMENT OF ARTURO A. VALENZUELA, PH.D., DIRECTOR OF THE CENTER FOR LATIN AMERICAN STUDIES, GEORGETOWN UNIVERSITY

Mr. Chairman and Members of the Subcommittee I am honored to appear before you today to discuss the progress of democratic consolidation in the Western Hemisphere. Although I am a member of the Board of NDI, I appear here today in my capacity as a scholar who has focused for the past thirty-five years on the study of the origins, consolidation and reversals of democracy in the Americas.

In many ways this is still an auspicious moment for the nations of Latin America and the Caribbean. Never before in history have leaders elected directly by the people governed in so many countries, nor have so many countries experienced successive elected governments without authoritarian reversals. A study conducted by

David Scott Palmer shows that from 1930 to 1990, close to forty percent of changes in government took place via military coup. That percentage was halved in the decade of the nineteen eighties when only 7 of 37 governmental changes occurred because of overt military intervention in politics—and 5 of these sought to bring an end to authoritarian rule rather than prolong it. Since 1990 authoritarian reversals have occurred only in Peru, when the President shut down the legislature, and Haiti when a military junta displaced an elected president. The single most significant change that has taken place since the end of the Cold War in the region is the withdrawal of the military from its overt political role in overthrowing and forming governments whenever societal crises appeared to foment instability or elected leaders sought to implement policies that threatened vested interests. The only stark exception to this democratic trend continues to be Cuba.

The overt shift in U.S. policy, from promoting or tolerating authoritarian reversals when elected governments were judged inimical to U.S. interests to condemning disruptions of democratic governments in concert with other Hemispheric partners, is an important factor in explaining the demise of the standard Latin American pattern of coups and counter coups. Latin America has thus come a long way from the days of violent civil conflict in Central America and pervasive authoritarian rule with its massive human rights violations in the Southern Cone. Mexico, which had avoided the pattern of military intervention in politics through the establishment of an all encompassing one party state, also moved to competitive party politics based on open and free elections that led to the demise one of the longest lasting regimes of the 20th Century.

And yet, it would be mistaken to assume that the countries of the Hemisphere have finally turned the corner and that the triumph of representative institutions and the rule of law is irreversible. For too many countries democratic practices are a recent phenomenon. It is important to not confuse the establishment of democracy with its consolidation. Democratic consolidation is a complex and time consuming. Indeed, it was not until after World War II that some of the major nations of Western Europe were able to establish mature and lasting democracies. The evolution of democratic institutions in the West came slowly as the concept of citizenship expanded over time producing a gradual incorporation of the citizenry into full public life within the framework of representative institutions of government. It is no accident that the most successful democracies in Latin America today, Chile, Uruguay and Costa Rica are also the countries in the region that experienced the fewest number of military coups and had the longest trajectory of continuous competitive election. Today's newly established democracies, face the daunting challenge of having to inaugurate representative institutions that assume the full participation of the citizenry, at a time when governments are also called upon to be responsive to a wide range of citizen demands and expectations in societies characterized by widespread poverty, inequality and injustice.

Perhaps the most dramatic indicator of the continued weakness of democracy are the fourteen elected presidents who were unable to complete their constitutional terms in office since the current wave of democratization began in Latin America in the early 1980s. Although only one of those presidents was overthrown in an overt military coup and the military has receded into the background throughout the Hemisphere, this pattern of presidential failures has translated into continuous crises of governance as chief executives have been unable to contain social unrest and political conflict. A combination of fragmented party systems, dysfunctional legislatures, weak state institutions and deficits in leadership have led to minority presidencies that have reigned and not ruled, frequently unable to adopt and implement necessary reforms.

Ironically, while weak presidencies have been the norm, in a few cases leaders have succeeded in parlaying the fragility of institutions and widespread disillusionment with parliaments and parties into strong majority support. That pattern of populist politics, exemplified by Fujimori, in Peru and Chavez in Venezuela, is a worrisome counterpoint to the pattern of weak presidencies because the personalization of politics undermines democracy through the abuse of power and the trampling of minority rights. Democracy is a system based on the rule of law and the constitutional order in which passing majorities are constrained in order to protect individual rights, the rights of minorities and the rights of future majorities. Constraining majority rule, however, should not mean the absence of clear leadership and the ability of democratic institutions to encourage the building of consensus and compromise across diverse expressions of the popular will in order to generate effective public policy.

An overview of the state of democracy in the region suggests that most countries face interrelated challenges along four dimensions. The first is what might be referred to as governmental efficacy—the capacity of state institutions to undertake

their functions. Lack of resources, appropriate rules and regulations and the dearth of qualified personnel render governmental institutions at all levels ineffective and unresponsive. The second challenge is accountability: state institutions that exercise authority for the public good, and not private gain, and law enforcement and judicial institutions that are credible and impartial. In country after country a greater political opening has also permitted the public to witness more directly the pervasiveness of corruption that has long characterized politics on the continent, a corruption that in turn erodes confidence in democratic leaders and politics.

The third dimension refers to the effective construction of institutions of representative democracy, including credible electoral authorities and electoral systems that promote effective citizen representation while discouraging excessive partisan fragmentation. It also refers to the consolidation of effective parties and party systems. Parties are essential instruments of democracy so much so that Madison himself, who at first had cautioned against what he regarded as "factions", came to view them as the "natural foundations of liberty" without which democracy could not subsist. They generate and aggregate popular preferences in seeking to fill positions of authority based on suffrage—while structuring in the legislature and executive branches policy options and compromises. Latin America faces a genuine crisis of representation with the discredit of party organizations that appear in survey after survey as the most corrupt and least credible institutions in society.

The final and fourth dimension is democratic governance itself, the ability of representative institutions to generate majorities in order to enact laws, regulations and programs in response to societal needs. The weakness of many presidents throughout the region stems from their inability to command majorities in their own election and lack of majority support for their parties in the legislature. One studied noted that only one in four presidents enjoyed congressional majorities. In highly divided minority governments such as Mexico, the introduction of practices used in parliamentary as opposed to presidential democracies might help to generate logics of cooperation as opposed to confrontation.

Institutional deficits are made more jarring when added to the enormous social deficits that characterize much of the Hemisphere. As is often noted Latin America and the Caribbean is the continent with the greatest inequities between rich and poor—and while the lot of those at the lowest income level has not improved much, it is also the case that in several countries that enjoyed relatively high standards of living, notably Venezuela and Argentina, political and economic crises have combined to sharply lower the standard of living of large sectors of the population. Even in countries that have experienced fairly steady growth, such as Peru, the inability of large sectors of the society to significantly improve their standards of living has led to plummeting popularity ratings for Alejandro Toledo, the country's president. Throughout the Hemisphere over forty percent of the population lives in poverty and close to 20% are described as living in extreme poverty. That reality makes more difficult the consolidation of democratic institutions, as citizens feel marginalized from the political mainstream.

DIRECTIONS FOR U.S. POLICY

As noted earlier the shift in U.S. policy at the end of the Cold War contributed to the decline in overt military involvement in politics. Incorporation of a democracy clause in the OAS through the adoption of Resolution 1080 and the Democratic Charter put countries on notice that they could face suspension from the Inter-American System if they experience a disruption in the constitutional order. I am pleased that the current administration in Washington has made the promotion of democracy a cornerstone of its foreign policy objectives. In this Hemisphere, peaceful and prosperous neighbors are vital to the interests of the United States. Failed states close to home would represent a lost opportunity to turn the Americas into an engine of growth and prosperity at a time when China and India are surging ahead and becoming increasingly important players on the world stage. Failed states would also constitute potential threats to the security of United States and continue to encourage uncontrolled migration patterns. I am concerned, however, that at least with regard to this Hemisphere our profession of support for democracy is long on rhetoric and short on concrete results and real commitments. Allow me to highlight four dimensions of United States policy to the region: Crisis management, democracy promotion, collective defense of democracy and bi-lateral assistance.

Crisis Management:

The conduct of foreign policy requires a clear vision and a clear set of objectives. But in the day-to-day reality of a complex and dangerous world that vision is tested and those objectives are challenged by how well U.S. policy deals with concrete and

often unpredictable sets of events that can affect our foreign policy interests. In managing Hemispheric crisis during its first term in office the administration committed some serious mistakes. Four cases stand out as particularly noteworthy: Argentina, Venezuela, Bolivia and Haiti.

From the outset, the U.S. Treasury made it clear that it viewed support for countries in financial difficulties as a "moral hazard" problem and that the U.S. tax payer should not be called upon to bail out investors who made poor choices, even if it meant that a country's financial system might collapse. Although Washington reversed its stand and sought at the last minute to prevent the collapse of the Argentine economy by structuring a financial support package in 2001, that support was too little and too late and came without a concerted and well crafted effort to engage the Argentine authorities in a joint strategy to help cushion the economic crisis.

Contrary to the assumptions made by U.S. policy makers, the sharp downturn in the Argentine economy which forced the resignation of President Fernando de la Rúa in 2001, affected not only Argentina, but sent a pall over vulnerable economies in the region already suffering from the downturn in the international economy. Throughout the Hemisphere serious doubts were raised about the wisdom of economic stabilization and structural reform policies promoted by the United States and the advertised benefits of growth based on increased trade alone. It is no accident that the sharpest drop in favorable attitudes toward the United States came in Argentina.

In Venezuela, the administration's initial support for the formation of an unconstitutional ad hoc government established by the military after the forced (though short-lived) resignation of President Hugo Chavez in Venezuela in April 2002 constituted a significant blow to Hemispheric efforts to support adherence to the institutional order and the rule of law in the region. Deviating sharply from the policies pursued by its two predecessors the administration refused to call on the established mechanisms of the Organization of American States to prevent the interruption of the democratic process.

The U.S. belatedly turned to the OAS after it became clear that President Chavez' supporters in the military and on the street had reversed the outcome and reinstated the elected president. By equivocating in the face of the unconstitutional removal from office of a constitutional leader Washington did not like, the administration contributed to undermining the United States' political and moral authority as a country committed to supporting the democratic process. It also damaged the effectiveness of the OAS and its newly approved "democratic charter" as instruments for safeguarding democracy. Ironically, Washington's posture also damaged its ability to deal with the mercurial president and his government, which wrongly assumed that the United States was actually behind the coup attempt.

In Bolivia the administration undermined its own preferred presidential candidate in the electoral campaign of 2002 when the U.S. Ambassador openly declared his opposition to the candidacy of the leader of the coca producers union, thereby boosting his popularity and bringing him within a fraction of gaining the highest plurality of votes in the race. After Gonzalo Sanchez de Lozada was elected to office and faced a mutiny by poorly paid police officers in a climate of growing civil unrest he desperately sought assistance in the United States to cover severe budget shortfalls. On an emergency trip to Washington, including a visit with President Bush, he was largely rebuffed and provided with only a fraction of his request. Only after he was forced to resign from office in 2003, after protesters were killed by the armed forces, did Washington and the International Financial Institutions increase its financial support for Bolivia. By then, however, policies that would have helped resolve Bolivia's chronic problems, including the construction of a gas pipeline to export gas natural gas, had become politically untenable.

Finally, in Haiti the unwillingness of the administration to engage the daunting problems of the island and its personal distaste for the elected leader contributed to the severe deterioration of public order and the forced ouster of another elected president, setting back the unfinished if limited progress that country made in struggling to establish institutional order. When Haiti was overrun by rebels associated with the remnants of the disbanded Haitian army, Secretary of State Colin Powell correctly argued that the solution to the Haitian crisis required a respect for the constitutional order and the legitimacy of its elected president. But the State Department's efforts to mediate the crisis were half-hearted at best and when the opposition refused to accept its terms the administration made it clear that there would be no support for the beleaguered president from the international community thereby encouraging his ouster in 2004. "I am happy he is gone. He'd worn out his welcome with the Haitian people," proclaimed Vice President Dick Cheney.

By turning its back on Haiti the administration also turned its back on the Organization of American States and the efforts by other Caribbean states to mediate the political conflict on the island. The departure of President Aristide and his replacement with an ad hoc government rather than resolving the problems of the country only made them worse. By encouraging the removal of a figure, however flawed and controversial, who was the legitimate head of state and continues to command strong allegiance Washington aggravated the polarization of the country and made more difficult the restructuring of a semblance of institutional order.

The lessons for the second term should be clear: the United States needs to be far more engaged both directly and with its neighbors to stave-off serious challenges to democratic governance in the Hemisphere—making it abundantly clear that the United States does not countenance military intervention in politics and would seek to isolate a country whose elected government was overthrown by force, regardless of whether we may find some of the policies of those leaders distasteful.

Democracy Assistance:

The first phase of democracy assistance correctly focused on insuring the neutrality of electoral institutions and the free and fair conduct of elections. In many countries much work still needs to be done to ensure the neutrality and impartiality of electoral officials and the adequate conduct of elections. Some countries such as the Dominican Republic, Venezuela and Nicaragua have experienced reversals in election management that have led to a questioning of the impartiality of electoral contests. Democracy assistance has expanded to focus on civic education and the strengthening of civil society organizations. Programs have also been enacted aimed at supporting local governments, legislatures, judiciaries and the rule of law.

Too little attention, however, has been paid to working with political parties as donor agencies have tended to shy away from programs that may be interpreted as overly political. Yet in country after country political parties have been falling short in their ability to connect with citizens, serve as valid agencies for representing their interests and, perhaps more importantly, working effectively within governmental institutions through coalition building and power sharing. Nor should funding for democracy promotion programs and party strengthening activities be limited to the poorest countries, but should be available to higher income countries that may have deficits in institutional development. To that end increased funding for National Endowment for Democracy programs through NDI and IRI are advisable, as is greater support for party building efforts through the Organization of American States.

Collective Defense of Democracy:

The consolidation of democracy in Latin America was continuously setback by military interventions that did not permit the consolidation of democratic institutions. Problems of democracy need to be resolved within democracy, rather than appealing to extra institutional solutions. Although that lesson appears to have been learned the severity of the political crises that have resulted in the forced resignation of heads of state across the region suggests the wisdom of strengthening the efforts by the Hemispheric community to provide assistance to countries undergoing threats to democratic continuity. During the last few years the Secretary General of the OAS, working with government officials from key countries in the Hemisphere often worked directly in crisis situations to avert a disruption of the constitutional order or seek mechanisms to improve dialogue and understanding to find common ground and help defuse political confrontation.

And yet all too often the response of the international community has been too late and ad hoc. The Secretary General of the OAS should have the capability to monitor crises in countries before they reach the boiling point, advised by staff and more effective country representatives. Working with a special commission of notables and with the concurrence and support of key countries the Secretary General should be able to dispatch emergency missions to seek political solutions in crises situations before they become full-fledged crises of regime.

At the same time the OAS' Human Rights Commission should be strengthened and expanded to provide a more effective monitoring of adherence by governments to the rule of law and democratic principles as embodied in the Charter. The Commission is one of the notable achievements of the Inter-American system, having played an important role in the defense of human rights during the era of military dictatorships. It should have a continuous role in monitoring potential abuses of power by elected governments or leaders that violate their own constitutional precepts.

Bilateral Assistance:

The United States spend billions of dollars during the civil conflicts in Central America during the 1980s. With the exception of a substantial commitment of assistance through the Andean Counterdrug Initiative, the overall levels of support for the countries of the Western Hemisphere in development assistance (DA) and Economic Support Funds (ESF) is woefully inadequate. Policy makers working on the region have little flexibility in providing assistance at times of special stress. It is also clear now that a policy based on the notion of "trade, not aid" simply ignores the fact that trade in itself is not enough. Indeed, when trade agreements are concluded far more attention needs to be given to providing assistance to countries to deal with the negative consequences of trade in terms of job retraining. Latin America is falling behind other regions of the world because the countries of the region are simply not competitive. To a degree the problem still lies with antiquated regulations, labor laws and property rights. But that is hardly the full story. Most countries in the Hemisphere have enormous deficits in infrastructure, education and health, areas where government must play an important role. To this end the Congress should seek to fund the Social Investment and Economic Development Fund.

While it is not true that democracy can only succeed in countries that are prosperous, it is a fact that in societies with massive poverty and deep inequalities it is difficult for democratic institutions and practices to take root. If the United States is not prepared to face once again the security challenges stemming from widespread societal crises in our own Hemisphere, it will have to move beyond a rhetorical commitment to democracy and be willing to work with Hemispheric partners to create more effective mechanisms for the collective defense of democratic institutions. It will also have to be willing to invest more resources in assistance to make it more likely that democratic institutions consolidate themselves across the board.

Finally, it is important that the United States signal that it cares about the region. The standing of the United States has plummeted in the region partly because of a perception that the Hemisphere does not matter to official Washington. Presidential trips are often arranged with stopovers of a few hours with scant engagement with local leaders and little contact with the public. Presidential inaugurations are not sufficiently important to send the Vice President or top cabinet officials as representatives of the United States. Indeed, the administration might want to revisit the idea of appointing another special envoy for the Americas who could provide a more visible presence of the United States in the region. Should such a position be filled once again, it should only go to an individual who has held high public office and enjoys direct contact with the president and frequent access to him, a role played effectively by Mack MacClarty and Buddy McKay during the Clinton Administrations.

Mr. BURTON. Thank you very much.

You know you indicated that we needed to keep an eye on those kinds of pressures brought forth by people like Chavez to expand the supreme court down there so he can get things done, because he now has some minions that are helping him make those decisions.

How do we stop that? You know we in the United States have, and as I mentioned several times and I think you guys were all in the audience, I met with a member of the Ambassadors and one of the things I think that has caused their government's heartburn is Big Brother up north, us, the only superpower left in the world, pretty much if not dictating, appear to dictate to them what ought to be done to make their countries work and the democracies work and their economies work.

So when you have got a guy like Chavez down there, who is loading up and he is working with Castro, he is his buddy and everything, if we start saying, this is the way it ought to be, it is just Big Brother one more time telling them how they ought to run their affairs.

How would you suggest we get the message across, without us appearing to be talking from Mt. Sinai?

Mr. VALENZUELA. Two responses real quickly. The first is that one of the things that Chavez doesn't understand, and that a lot of people in Latin America don't understand, and that is that democracy is not majority rule. Democracy is constitutional democracy and constitutional democracy means that you protect minorities, that you protect the rights of individuals and you protect the rights of future majorities.

They think that just because they have a majority now and they have been able to engineer a majority, they can then do away with the courts and they can do away with the Constitution, change the Constitution and things like this.

Mr. BURTON. I understand that, but what is the answer? How do we get the message across to him, where he will listen, knowing that it is not the United States beating him across the—

Mr. VALENZUELA. Right. Where I was going with my remark was that this notion of the importance of constitutional democracy is something that other countries in the region need to work with us in pushing Chavez on, because it is dangerous for other countries to have this majoritarian populist tendency emerge in Venezuela, because it does threaten the possibility that this might be repeated elsewhere.

I am not as worried as some people are that that is going to be reproduced in other countries right now, but I think we need to work with countries in the hemisphere to put pressure on Chavez to stay in the democratic and constitutional box and that is why I referred, for example, to the Human Rights Commission of the OAS.

We also need to be much clearer with him, but, Mr. Chairman, part of the problem with U.S. policy is it is a rhetorical policy. We lambaste him and he lambastes us back and it is not quite clear that we have any kind of end game when we lambaste him.

What is it that we want done? That is really the—

Mr. BURTON. That is what I am asking you. What should the end game be? One of the things that concerns me is—and I guess we are looking for a little guidance here—how we get our friends and allies down there, whose fledgling democracies might be jeopardized by him bringing in thousands of Cubans, who some people say are doctors, others think they are revolutionaries, who might be of the Che Guevara tribe, who want to undermine those governments that are adjacent to his country. So how do we get the message across without the United States being the bad guy trying to dictate to everybody on how this is done?

Mr. VALENZUELA. Well, we need to work with the other countries. Part of the problem, Mr. Chairman, frankly with regard to Venezuela was the way the United States responded to the quasi-coup in Venezuela, which was to essentially walk back from the policy that had begun in the Reagan Administration. To unconditionally support the constitutional order was something that we didn't follow through on in that particular case, when the White House actually came out with a statement, for example, supporting the interim government in Venezuela.

The interim government was appointed by the military, this military command that had taken over and had forced the President to resign.

Mr. BURTON. So what you are saying——

Mr. VALENZUELA. We lost a tremendous——

Mr. BURTON [continuing]. In effect we pushed Chavez in the wrong direction by doing this?

Mr. VALENZUELA. Not only, but we lost moral authority, a lot of moral authority in the hemisphere when that happened.

Mr. BURTON. Okay. I see that my 5 minutes are up. I had on more question, if you would indulge me real quick.

Mr. MENENDEZ. Mr. Chairman, you are the Chairman.

Mr. BURTON. I know, but I am trying to be——

Mr. DELAHUNT. I have a 20-minute question list. Take whatever time you wish.

Mr. BURTON. I will now yield to my colleague. If my buddy from Massachusetts has a 20-minute question list, we are going to stick to the 5-minute rule.

Mr. MENENDEZ. You know he was a prosecutor, so he has ways about him.

Mr. BURTON. I love Delahunt, but man when he gets going.

Mr. MENENDEZ. I want to thank this panel for their testimonies. It has been very enlightening and I have a ton of questions, but I am going to observe the 5-minute rule so I am going to throw out three that I think of particularly as I listen to all of you talk.

First of all, what does it say about democracy in our region that the President of Colombia calls Fidel Castro to intercede with the President of Venezuela? One.

Two. We are giving tons of money to Colombia for both their engagement, as well as to counternarcotics efforts and supposedly to sustainable development efforts to offset the need to grow coca by the poorer classes of Colombia. What does it say about that?

Secondly, I listened to Mr. Johnson describe a concern about how USAID funds go and how they are being spent, compared to what their stated mission is. That, in my mind, begs or asks the question, I should say, that I think all of you in some respect talked about, about this gulf in inequities in terms of income and wealth and poverty in the hemisphere. Which comes first, or is that a false choice?

Is it that first we get governments that are not only democratic, but transparent and rule of law and all of that and then hope that they can sustain themselves in that march toward those goals, while there is this tremendous uprising in the underclass that says, Hey I can't take this anymore? Because while you all are doing that up there, guess what? I am suffering down here.

Or is this not a multilateral track that we have to be pursuing, which means economic engagement, development assistance and yes, the rule of law, transparency and yes, trade?

But there is a sense I get, and I won't even say it is unique to this Administration, there is a sense I get that it is just a one-track deal or a two-track deal, which is trade and let us have democracy and the rule of law and transparency and you know what? That other stuff is just too difficult to deal with and yet that other stuff is in essence, I think, the very underpinnings of some of the challenges.

Three. You heard the Assistant Secretary's testimony, I believe you were all sitting in the audience at the time, with reference to

my questions about President Carter's charter. Some of you have mentioned it independently of President Carter's suggestions about the trigger mechanisms. I think Ken Wollack mentioned this.

What about his comments that part of the difficulty at the OAS is that smaller countries are subject to the powers of larger countries, and that unless we get maybe larger countries—I think he didn't say this, but inherently he meant it—unless we get larger countries to lead the way on the question of the collective, I think Professor Valenzuela said the collective defense of democracy, that then the smaller countries, because of economic and other concerns, are not going to lead the way.

Those are my three questions and I invite the panel to take a bite at each and every one of them or which ones you like and if you don't answer all of them, then I know that there are some you don't like. Just kidding. Go ahead.

Anyone who wishes to. Ken?

Mr. WOLLACK. Mr. Menendez, in terms of the issue of aid, I am a big believer in concentric circles. I mean this is not about sequencing and I think we have learned that lesson, not only in this hemisphere, but around the world; and we learned it most recently in Iraq where there was a hope that one could put off elections and that was perhaps desirable, but people were demanding certain fundamental political rights and we had to play catch up for almost a year.

We have found out we have to do all of these things. No one knows when the impact will happen. It is a little bit like advertising. It is said that 50 percent of advertising is wasted, but nobody knows which 50 percent. So therefore, this all has to be done simultaneously.

My concern about Venezuela is that the international community, save Cuba, has been disengaged from Venezuela. This includes the countries in this hemisphere, the Europeans, and the United States. I believe at least one modest, but important initiative would be to establish some monitoring effort on democratic institutions and processes and the state of those institutions and processes today in Venezuela.

Since the referendum and the withdrawal of the work of the OAS and the Carter Center, there has not been a systematic effort to monitor the state of Venezuelan institutions; such an effort would depersonalize this issue and look at the way the democratic system is operating in the country.

I think that is badly needed, either by the OAS or some other impartial body that can go in and look at these issues. The United States can support some type of effort in this regard. So those are just two suggestions.

Mr. VALENZUELA. Real quickly, Mr. Chairman, whatever is called to get Cuba involved is a bad idea. I don't think that Cuba should be used as an interlocutor in a situation like this.

On the second point, I agree with you completely that there has to be parallel tracks. You cannot think about strengthening institutions while you have levels of misery and poverty and that kind of thing.

You need to address both at the same time and this is why it is very important for the United States to make more of a commit-

ment, and I found it rather stunning that Administration officials recognize, perhaps, that in fact that commitment should be there, but that it is kind of out of sight of their pay grade to deal with it.

Then thirdly, on the question of the collective defense of democracy, it is a challenge and it is a challenge because the small countries are right that if you are going to deal with Haiti with a certain kind of standard and you are not going to deal with large countries with those standards, they have a right to be concerned, but I do think that there are precedents.

When Peru went through the crisis of democracy in Peru in the year 2000, that was a major country in the region and the OAS worked to bring to the attention of the Peruvians that in fact they had violated the fundamental standards of democracy, as defined internationally.

That was a step forward. Unfortunately, I think we have been backtracking since then, because we haven't really been able to engage the countries properly and some of it is because we have lost also, as a country, some of our moral authority in the region, for the reasons that I had explained earlier.

Mr. BURTON. If I might interrupt. Would you just elaborate a little bit on us losing our moral authority? I might have missed that and I apologize.

Mr. VALENZUELA. It is very hard, Mr. Chairman, to say to countries in the region that we really need to look to protect the constitutional order as a fundamental premise of United States policy, when in a situation like in Venezuela, when there was a President that we did not like, winds up being invited to leave office and then the military appoints a huenta.

The OAS was not called in this session. The United States did not criticize it. When you do that, you lose moral ground immediately and political ground.

Mr. BURTON. Okay.

Mr. Johnson?

Mr. JOHNSON. With regards to the first question, I think it is very interesting, and though we will never really know the full reasons behind it, we can speculate. My speculation is that President Uribe thought that President Castro would be a moderating force on President Chavez, because there is an interdependency between the two countries and a natural relationship.

So the conduit to get to him and to talk to him about the Grande affair would probably be best served by going through Mr. Castro and like it or not, I think we will probably have to wonder what the true motivations were and like it or not, they may well be that Castro is probably the better interlocutor with Mr. Chavez.

Mr. BURTON. Let me get this straight. You are with The Heritage Foundation?

Mr. JOHNSON. Yes.

Mr. BURTON. I just want to make sure I heard that correctly.

Mr. JOHNSON. I don't think it should be shocking coming out of my mouth. The reason, obviously, is that there is a relationship there, ostensibly a mentor/mentee relationship between Castro and Chavez and a great deal of trust, because they share a lot of goals together.

Mr. BURTON. They sure do.

Mr. JOHNSON. The thing of it is that Castro depends a great deal on Venezuela now for energy. There is a symbiotic relationship with the Cubans that have gone into Venezuela to work and help shore up Mr. Chavez' regime.

He can't trust all the people that work for him or that are in his armed forces and so there is an element of trust obviously.

Mr. MENENDEZ. Mr. Johnson, if I just may, I think you missed my point. I do not accept what President Uribe did and I have been a strong supporter of Colombia and Plan Colombia and the resources to go to Colombia.

I don't accept what he did although I may understand why he did it. My point is that we have a set of circumstances where we have no other outlet to speak to the President of Venezuela, to have a democratically-elected President in Colombia speak to the President of Venezuela, then going to the only dictator in the Western Hemisphere. That is a huge, huge problem for us.

Mr. JOHNSON. It is a problem.

Mr. MENENDEZ. If he is the only one who can be the interlocutor with Evo Morales and this one and that one, well guess what? He is a big kahuna in the hemisphere and that is bad news for the United States. That was my point.

Mr. JOHNSON. Yes.

Mr. MENENDEZ. I understand the why.

Mr. JOHNSON. That is a good point.

Mr. DELAHUNT. Would the gentleman yield?

Mr. MENENDEZ. Sure.

Mr. DELAHUNT. After I bring Chairman Burton down, Mr. Burton will be the big kahuna, I can assure you.

Mr. BURTON. Go ahead.

Mr. JOHNSON. The other thing that I was going to say on the USAID funds and then I will turn it over to Lorne, just briefly, I agree with you that it has to be multi-tracked, but the problem is that we have seen a lot in the past, at least I have, and my analysis in looking over the various descriptions of past aid programs and also how the money was actually used, it is very difficult at times because the Web sites and the publications that they put out don't really give you very much detail about who the contractors are, don't give you very much detail about how much money was spent in years before, and it is often not measured in the same terms that it was before.

But my sense is that democracy programs and governance programs have gotten short shrift, at the expense of what you might consider traditional aid programs. And we should very much consider giving them more emphasis and more consideration, because if you give money to a particular country like we did to Bolivia for many years, and colleagues at the Inter-American Foundation tell me that we helped them build roads, year after year after year and yet the government never took care of the roads. So we are always building roads in Bolivia.

We have to think of ways that we can, through governance programs, help them build institutions that will begin to take on some of these tasks of internal development and improve their ability to be able to handle their own affairs. That is what my point was.

Mr. BURTON. Mr. Craner?

Mr. CRANER. I don't have an insight on Mr. Uribe's motivation. I am a big admirer as well of what he has been able to do in Colombia. I think maybe Steve's thoughts were more a comment on what Mr. Castro is like, versus what the President of Venezuela is like that he might have been going to. It may be that President Uribe worried that we could not be firm enough with the President of Venezuela.

On the second question, I would agree with all of my fellow panelists. You need to have two parallel tracks. We used to believe, I think in the 1960s, that you had to have economic development, get a middle class, get a democracy. I think we have gotten past that.

There is a good new book, by the way, that I would recommend to you on this issue called *The Democracy Advantage* by Mort Halpern.

Mr. BURTON. It is——

Mr. CRANER. *The Democracy Advantage*. That points out how democracy can help engender economic development.

As far as USAID goes, I will tell you I thought this in the 1990s and I thought it being in the Administration, the concept of working on democracy has never really taken root at USAID, even after Brian Atwood was there. Even while Brian was there, coming out of that kind of background. It just is not well thought of at USAID among some bureaucracy.

A second problem with USAID is, and I say this as a Republican, I am all for decentralization, but you have to decentralize people who are competent and democracy being a young field, there are very, very few people who understand how to do it and they are certainly fewer than are USAID missions.

So to have a democracy person at an USAID mission and then push out to the field all of the authority for spending on democracy, with very little authority here in Washington, has been a big mistake, in my view.

The third question you asked about smaller countries. I think that is definitely true. Congressman Smith asked before about the Cuba resolution. We regularly had a problem every year, the 3 years I was in the Administration, going to smaller countries, because they said, if we help you out on Cuba, the Cubans are going to come after us.

Now if we say to them, we need your help on Venezuela, the President of Venezuela has an awful lot of money and they know that.

Mr. BURTON. If the gentleman will yield and I want to yield to my colleague. I guess you are talking about military incursions or having terrorist groups come in or some supporting FARC or the ELN or something like that?

Mr. CRANER. I think they are worried about all of the above. They have watched Mr. Castro for decades try to influence events through military means and otherwise in many, many countries throughout the hemisphere and they are afraid of it.

Mr. BURTON. If the gentleman will yield. How could the United States help? I don't want to put this wrong. How could the United States help these smaller countries have the intestinal fortitude to stand up and say, Hey, this is what ought to be done?

Should we say we will help them if there is any kind of incursion or is it possible for us to do that?

Mr. CRANER. I think that would be a good start. You know it is often portrayed as paying people off, but I think increasing our assistance to these countries, increasing our assistance, if Mr. Castro is offering to send doctors and who knows what else, security agents, then maybe we ought to be funding more health care. Maybe we ought to be funding more democracy to make these countries stronger.

Mr. BURTON. To neutralize it?

Mr. CRANER. Yes.

Mr. BURTON. Mr. Delahunt?

Mr. DELAHUNT. I just want to pick up on something that Mr. Craner said. That last sentence I can't agree more with.

When we make that trip, Mr. Chairman, I know we will be received by President Chavez. I think we have to put into context what Venezuela looked like for 40 years. It was a nominal democracy, but it was a democracy in name only. It was crony capitalism.

Chavez just didn't happen. The conditions were there that created an opportunity for the election of Hugo Chavez. He decimated those parties of longstanding COPEZ and AD.

So let us not delude ourselves that Venezuela was this oasis, pre-Chavez, of democracy. The poverty line was 80 percent and I guess when someone turns around and says, "I will send you doctors to help your population and help your people," you are not going to check their ideology.

Ironically, in a speech that was just given by Jimmy Carter, he alludes to Brazil and Venezuela. I wrote this down:

"Brazil has initiated a zero hunger program to address poverty and Venezuela is using its oil wealth to bring adult education, literacy and health services directly to the poor. These and other creative social programs should be studied to see whether they might be appropriate in other places."

We should be engaged. We should go down there and ask Hugo Chavez if he wants our assistance in terms of poverty reduction. What can we do? Where is the Peace Corps? Where is the Peace Corps? Where are our young American men and women? I think that is an inquiry we ought to make of our Department of State.

Secretary Noriega makes a comment that despite the U.S. efforts to establish a normal working relationship with his government, Chavez continues to define himself in opposition.

Cass Ballenger, Greg Meeks and I have been down there. They just never liked Hugo Chavez. They just didn't like him and that was said to me by the now Secretary of State, after the coup, to Cass Ballenger and me.

I have my own opinion about Hugo Chavez, but if you are going to engage, you engage in exactly the way that Mr. Craner says. Let us compete. Let us compete in a constructive, positive way and I think that we can deliver.

I think that given all that has transpired and—most of it is rhetoric—still a lot of American companies are doing business down there, but we cannot forget about that coup.

I think we make a mistake, too. You know my friend from New Jersey and you and I have different perspectives on Cuba, but I think we make the mistake of looking through the Cuba lens, in terms of an entire policy.

Mr. Menendez talks about Uribe. Pastrana asked Castro to host a group of five in terms of the negotiations with the ELN. We just had a President elected in Uruguay, Vazquez. The first thing he does is establish a relationship, restore democratic relations with Cuba.

I mean the reality is, we go into the General Assembly—and I respect both of your feelings and your rationale for the embargo—but we lose 163 to 3. So we blame Chavez, because he plays baseball with Castro, because maybe we haven't reached out. Maybe we haven't reached out enough and I think that we can do it.

I honestly think that if we make an effort and if the rhetoric gets toned down on all sides, there is a possibility. Stop for 1 minute and think about this coup, by the way, if you are thinking about Castro.

He gets overturned. Our State Department makes some statements that are just unbelievable and Mr. Craner, I would like to have a conversation with you sometime in private about statements that came from the IRI, I think you know what I am talking about, don't you?

What message would you get? By the way, if Chavez is a dictator, he is an incompetent dictator, because he has got 400 prisoners there. He comes back and he says, "Where are all these coupsters?" Well 400 of them were in the basement of their Presidential palace, Miraflores and he says, "Release them." That wouldn't have happened in Cuba. That would not have happened in Cuba and that is the fact and that is the reality.

Mr. BURTON. We will let our panelists answer your comments, but I would just say that you set up a meeting and if Congressman Menendez can make it—

Mr. DELAHUNT. I don't know if I want Menendez there. He speaks Spanish.

Mr. BURTON. I will go with you.

Mr. MENENDEZ. It is not only my linguistic ability that he doesn't want there.

Mr. BURTON. I will go with you down to see Chavez and we will just listen to what he has to say. One of the things that I have said, and you heard me and everybody that was hear today heard me, we want to listen.

We want to be a partner wherever possible and we want to carry back to the State Department and the Administration any information that we get.

Even though you and I may have our disagreements, I will be happy to go with you to listen and if Bob can make it, Congressman Menendez, we will take him along and we will make you buy dinner, but we will go down there and talk to him.

Mr. DELAHUNT. I knew I would get suckered for—

Mr. BURTON. I know you are tight.

Do you guys want to comment on this?

Mr. CRANER. Before you go down, let me make a suggestion. I was there in 1998. I actually went to Mr. Chavez' victory party. It

was outside the Hilton. I did not wear a red beret, but it was clear to me he had won that election fair and square.

It is clear that he won the last referendum fair and square and it is also clear that the traditional political parties were out of ideas by the time he won.

But I would urge, and my suggestion is, I don't think it is just folks with the State Department or Republicans who don't like the President of Venezuela. My suggestion is that you meet with some people from Human Rights Watch, which has criticized the President of Venezuela. That you meet folks——

Mr. DELAHUNT. Mr. Craner, I am not trying to defend Hugo Chavez.

Mr. CRANER. But I am saying get a sense of the context here. It is not——

Mr. BURTON. Congressman Delahunt, I think it is a good idea for you and me and Congressman Menendez to maybe have some private meetings with some of these people so that we——

Mr. DELAHUNT. Sure.

Mr. BURTON [continuing]. Get a real good perspective and have a lot of questions to ask when we go down.

Mr. DELAHUNT. But here is the point. I had those meetings with the opposition before the coup. Carlos Ortega came here and Pedro Carmona.

As soon as Carmona became the interim President—and this is what Arturo Valenzuela was referring to losing moral authority—the first thing that they did was to abolish the supreme court and abolish the national assembly and rule by edict.

Mr. BURTON. You have an in-depth knowledge that maybe we don't have and I think before we go down there—and I will let you help set up the meeting, because I think you have some relationship that we may not have—I would like to have as much information as possible so that we can make the kind of inquiries that are necessary to get as much information as possible.

Mr. MENENDEZ. Would the gentleman just yield on one point?

Mr. DELAHUNT. Of course.

Mr. MENENDEZ. I am not in total agreement with you, but I am in absolute agreement with the belief that Fidel Castro would not have let the 400 coupsters——

Mr. DELAHUNT. Absolutely.

Mr. BURTON. He hasn't. He has them in gulags now.

Go ahead. Anything more, Mr. Craner?

Mr. CRANER. No, I am finished.

Mr. BURTON. Mr. Johnson, do you have a comment?

Mr. JOHNSON. I would just say I would commend your willingness to keep trying to engage Mr. Chavez, but my own sense of it is that it may be futile. I don't think we talk on the same page.

We don't engage in the same level of theatrical rhetoric. We don't have the same audiences, but at the same time, I think we should try to avoid the trap that we fell into with Cuba years ago, by looking at Cuba through the lens of Mr. Castro.

We need to look at Venezuela through the lens of all the people in the country, the needs that they may have and I think you are right to be concerned about the fact that the previous governments

were in many ways not much better than what Mr. Chavez is offering.

Mr. DELAHUNT. Mr. Johnson, could I ask you a question? I mean you know with all due respect to Cuba and the Cuban people, it is an island of 11 million people and yet our entire view of Latin America is somehow examined through the prism of Fidel Castro.

I dare say, I supported resolutions, you know, I have supported resolutions condemning Castro for a variety of different human rights violations, so I am not defending him, but you know what? I think we make him too important. I think we really have elevated this guy to something that he doesn't deserve.

Mr. BURTON. We will try to take all of that into consideration.

Mr. JOHNSON. Mr. Delahunt, you make a good point in that regard, because when we look at some of the priorities that we have in Latin America, you would have to say probably Mexico is a priority, Brazil is a priority, Cuba is a problem, Venezuela is a problem, but the big priorities are the countries that we need to be really engaged with.

When all of you have said in the remarks that you made that one of the things we should do is begin filling the vacuum that we have had over the past decade and a half or perhaps even two decades, I think that is right, because Mr. Chavez and people like him, maybe somebody else in the future, will want to fill those vacuums where we are not present, where we are not engaged and listening and talking with our counterparts, because we do have a lot of friends in the region.

There are a lot of Democrats in Latin America and they need our encouragement.

Mr. BURTON. Mr. Valenzuela?

Mr. VALENZUELA. Yes. I would like to echo the last sentence. We need to continue to work with our partners, our friends in the neighborhood and the hemisphere. These are people who are committed to democratic principles.

I also concur completely with the idea that the policy of just simply criticizing rhetorically, you know Chavez hasn't seen the Ambassador, but we also haven't engaged.

We need to engage and I think that I will commend to this Committee——

Mr. DELAHUNT. Would the gentleman yield? This current Ambassador from Venezuela to the United States has not been received, I understand, by the Secretary of State.

Mr. BURTON. This Committee will go down there——

Mr. DELAHUNT. Sand blocks.

Mr. BURTON [continuing]. At the behest and under the quasi-leadership of Mr. Delahunt, to meet with Mr. Chavez.

Mr. DELAHUNT. Very quasi.

Mr. BURTON. Very quasi.

Mr. WOLLACK. I would just make one point and it has been made before. Mr. Chavez is not the only force in Venezuela that has jeopardized democracy in the country. Traditional parties have played a role and they have to provide an alternate vision to the Venezuelan people and not just an anti-Chavez platform.

This is a message also to the traditional parties in other countries in the hemisphere. Until they begin to reconnect with citizens;

they fulfill their representative functions; they operate in openness and transparency; they reach out to youth, women, indigenous communities; we are going to have more polarized environments and more difficulties throughout the hemisphere and that is the great lesson I think from——

Mr. BURTON. I am convinced that we have four very fine foreign policy minds here. I don't agree with all of you, but some of you I do.

What I would like to have, and I think my colleagues might benefit from it as well, is I would like to have any additional information you think that we need to take with us on our trips throughout Central and Latin America.

I intend to be very proactive over the next couple of years and I think Mr. Delahunt and Mr. Menendez feel the same way. My Vice Chairman, Mr. Weller, also is very active.

We are going to try to get down there. Any information you can give us we would like to have and we thank you very much for being so patient today. I know it has been a long day. Thank you very much for being here. We stand adjourned.

[Whereupon, at 6:05 p.m., the Subcommittee was adjourned.]

